TUNGSTEN MINING

Annual Report 2019

About Tungsten Mining

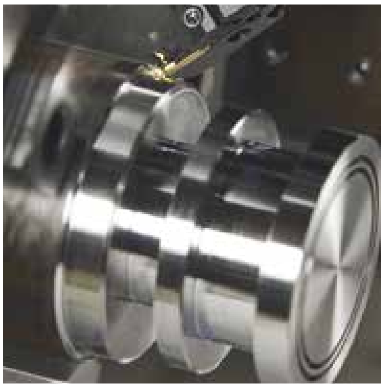
Emerging Australian tungsten developer, Tungsten Mining NL is an Australian based resources company listed on the Australian Securities Exchange. The Company's prime focus is the exploration and development of tungsten projects in Australia.

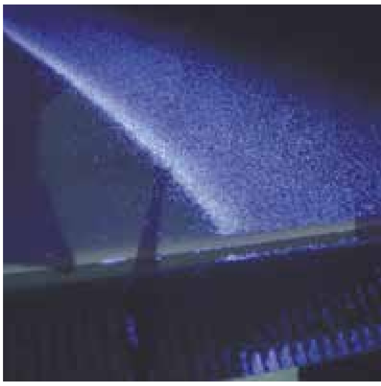
Tungsten (chemical symbol W), occurs naturally on Earth, not in its pure form but as a constituent of other minerals, only two of which support commercial extraction and processing - wolframite ($(Fe, Mn)WO_4$) and scheelite ($CaWO_4$).

Tungsten has the highest melting point of all elements except carbon – around 3400°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.

Through exploration and acquisition, the Company has established a globally significant tungsten resource inventory in its portfolio of advanced mineral projects across Australia. This provides the platform for the Company to become a major player within the global primary tungsten market through the development of low-cost tungsten concentrate production.

AN AUSTRALIAN BASED
RESOURCES COMPANY





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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

Level 4, 46 Colin Street
West Perth WA 6005

T +61 8 9486 8492
F +61 8 6117 4039
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,

The past year has been one of managing emerging opportunities and growth as the Company implements its strategy of building a globally significant tungsten business in a rapidly changing and challenging environment.

Commodity prices in general and tungsten in particular have faced headwinds presented by the increasing tensions between the United States and China trade dispute, with increasing tariffs and barriers to global trade. The price for ammonium paratungstate (APT) has fallen from its highs in June 2018 of circa US$350 per MTU to lows last seen in early 2017 (~ US$200/MTU). Recent reports of a proposed auction of around 28,000 tonnes of APT held by the failed Fanya Metal Exchange, equating to approximately three months of Chinese output, may finally remove this overhang from the market and allow supply to rebalance and prices to recover in the period ahead.

Increasing our project portfolio and inventory of in ground metal whilst committing to a prefeasibility study (PFS) for the development of a large-scale tungsten mine and processing operation has seen some refinement to our strategy and the allocation of capital. The decision to implement the PFS in favour of commencing small scale production was not taken lightly. As an organisation we remain committed to making the transition from developer to producer – we continue to assess our options to achieve this organically and through acquisition.

Tungsten Mining has invested in its people, technology and projects over this past year. We have significantly increased our organisational talent, building a professional and committed team capable of successfully implementing the strategy outlined by the board.

The PFS for Mt Mulgine is advancing with resource development drilling, metallurgical testwork and associated studies progressing to plan. We are confident that our ability to fund these studies through the current price cycle will substantially de-risk the project and position the Company to take advantage of development options as the price cycle evolves.

The Company's resource inventory was materially increased following completion of the acquisition of the Watershed Tungsten Project in August 2018. Our commitment to acquire the Hatches Creek Polymetallic Tungsten Project was achieved through signing of the Hatches Creek Farm-in Agreement in May 2019, delivering an initial 20% interest and appointment as manager for this exciting project.

Finally, as always, I would like to acknowledge the continuing loyal support of our shareholders. The human and financial capital controlled by Tungsten Mining ensures that your Company is extremely well placed to add further value to its project portfolio – to increase our resource inventory, project knowledge and progress the opportunities to extract value through production. We remain committed to the goal of becoming a producer of low-cost tungsten concentrate.

Yours sincerely

Gary Lyons
Chairman

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.

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.

Through exploration and acquisition, the Company has grown its resource inventory to 25.8 million MTU's (metric tonne units) of WO_3 (tungsten trioxide) and a further 19,500 tonnes of Mo (molybdenum) comprising Measured Resources of 9.5Mt at 0.16% WO_3, Indicated Resources of 58.6Mt at 0.14% WO_3 and 21ppm Mo and Inferred Resources of 111.0Mt at 0.14% WO_3 and 165ppm Mo at a cut-off grade of 0.05% WO_3 (refer page 16 June 2019 Quarterly Report). This provides the platform for the Company to become a significant player within the primary tungsten market through the development of low-cost tungsten concentrate production.

Review of Operations

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.

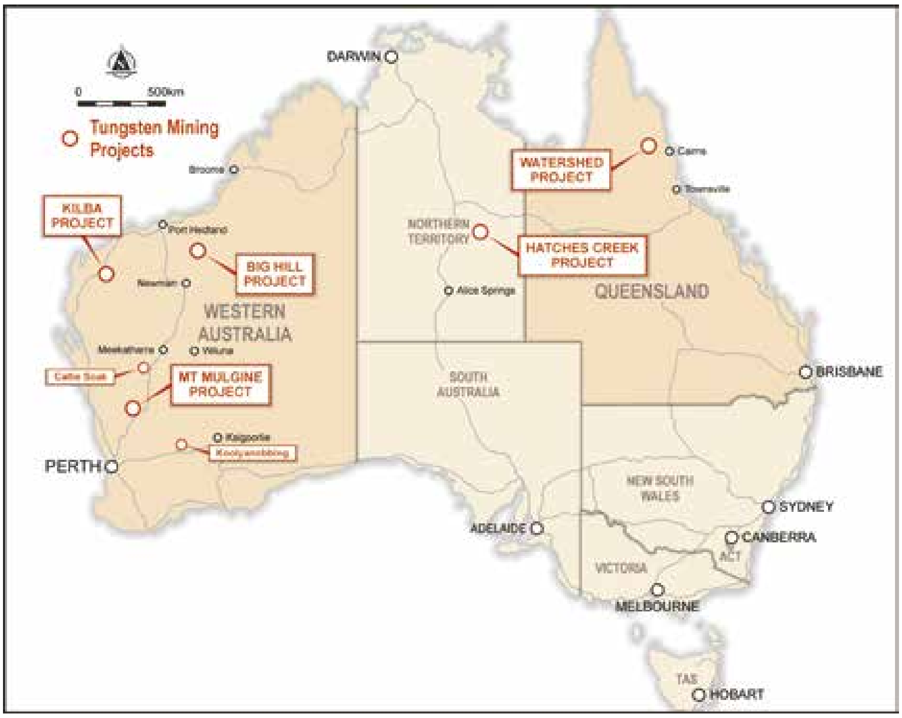


Figure 1 – Project Location Map

Additionally, the Company has made further progress in its broader strategy of building scale through the acquisition of advanced tungsten projects and developed both its financial and human resources. Key activities undertaken during the 2019 financial year are highlighted below:

- Receipt of $25.44m and allotment of shares for oversubscriptions to placement following shareholder approval in general meeting in July 2018;
- Completion of the acquisition of the Watershed Tungsten Project for a cash consideration of $15m;
- Identification of significant new tungsten and molybdenum mineralisation at Mt Mulgine during infill and sterilisation drilling for the Mulgine Hill project;
- Completion of infill drilling program and update of Mineral Resource Estimate for Mulgine Hill;
- Completion of Mulgine Hill development studies including Early Contractor Involvement engineering for processing plant;
- Implementation of strategic review of Mt Mulgine Project to better understand the opportunities presented by more extensive mineralisation and large scale mining and processing activities;
- Commencement of a Pre-Feasibility Study for large scale mining and processing activities incorporating the Mulgine Hill and Trench deposits;
- Build-up in personnel increasing in-house capability for project development and delivery; and
- Execution of Farm-in Agreement and acquisition of an initial 20% interest in Hatches Creek Polymetallic Tungsten Project in the Northern Territory.

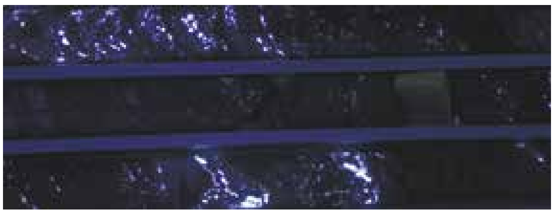


Figure 2 – Scheelite mineralisation fluorescing under ultraviolet light

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).

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_4) and scheelite ($CaWO_4$). 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.

Figure 3 - Tungsten carbide cutting tool

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 82,000 metric tonnes (t) in 2018, representing a marginal decrease over the prior year.

World tungsten supply was dominated by production in China and exports from China. China's Government regulated its tungsten industry by limiting the number of mining and export licenses, imposing quotas on concentrate production, and placing constraints on mining and processing. From 2016 through 2018, environmental and safety inspections at Chinese mines and downstream ammonium paratungstate (APT) plants resulted in intermittent periods of reduced supply, which saw a significant increase in prices through 2017 into mid 2018.

Prices for tungsten concentrates have historically tended to follow the same trend as prices for 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.

APT prices have fallen from their highs of June 2018 and have recently retraced back to levels not seen since early 2017 on weak demand and despite production cuts announced in China. Market fundamentals are expected to drive prices higher in the medium to longer term with current prices reported as being below the cost of production for a number of producers.

Project Development Activities

Tungsten Mining commenced the 2019 financial year focussed on studies to support the commencement of small-scale production from the Mulgine Hill deposit at Mt Mulgine, directed at demonstrating a pathway to positive cash flow and the basis for large scale mining and processing operations at Mulgine Trench.

This work included completion of the Early Contractor Involvement (ECI) phase of process plant design and a value engineering exercise. An EPC lump sum price was delivered for the Mulgine Hill tungsten processing plant. The Company placed orders for two Tomra X-ray ore sorters, identified as critical long lead items during the ECI phase. The ore sorters were delivered in early 2019 and together with the heavy mineral gravity plant acquired in 2017 provide Tungsten Mining with a capacity for rapid deployment in future operations in response to changes in the commodity price cycle.

The far greater extent of tungsten and molybdenum mineralisation identified by drilling programs in 2018 resulted in a strategic review being undertaken of the entire Mt Mulgine Project to better understand the opportunities that this represents. A focus of the review was an assessment of the potential for, or the earlier implementation of, large scale operations incorporating both the Mulgine Hill and the much larger Trench deposit.

Information from the studies completed by Tungsten Mining and previous project owners was utilised to complete pit optimisations and a preliminary economic assessment of alternative operating scenario's for the processing of material from both the Mulgine Hill and Trench deposits, the sequencing of mining, recovery of tungsten +/- molybdenum and at differing rates of throughput.

The strategic review assessed the economics for the proposed small-scale production from Mulgine Hill and determined that a superior return would be achieved if the proposed development of the Mulgine Hill deposit occurred concurrent with mining at the Trench deposit and as a component of a larger operation. The outcome of the review overwhelmingly supported the implementation of a pre-feasibility study (PFS) into large scale operations at Mt Mulgine. The preferred option to be assessed in the PFS will be the mining and processing of material from both deposits for the production of tungsten (scheelite) concentrate and a molybdenum rich sulphide concentrate.

The Scoping Study highlighted Mt Mulgine's potential to establish large scale, long life mining and processing operations for the production of tungsten concentrate and valuable by-products, including molybdenum. The PFS commenced in the June quarter 2019 and is expected to take approximately 12 months to complete.

Figure 4 – View of Mt Mulgine across disused airstrip

Mt Mulgine Project, Murchison WA

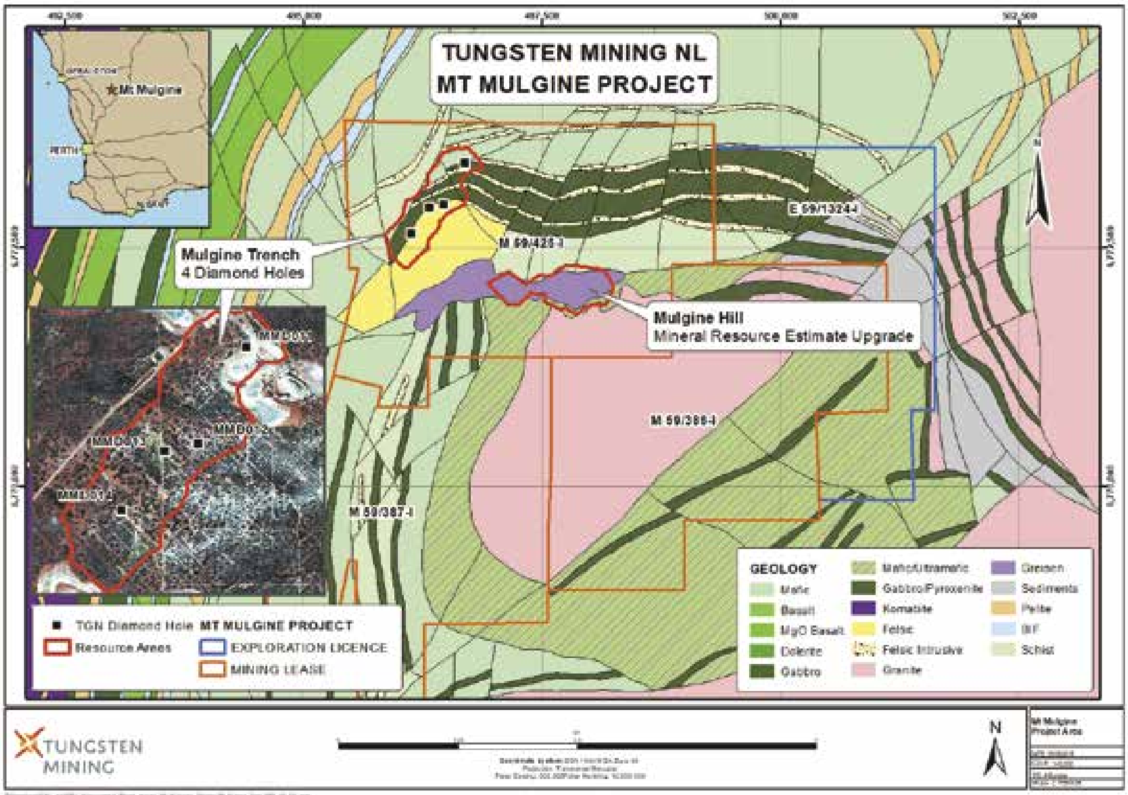


Figure 5. Location of Mulgine Hill Mineral Resource and Mulgine Trench diamond drilling

The Mt Mulgine Project which remains the highest priority development project for the Company 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 at the Mulgine Trench and Mulgine Hill deposits. Currently, there is a combined Mineral Resource estimate of 71.0Mt at 0.18% WO_3 and 238ppm Mo (0.10% WO_3 cut-off) comprising Indicated Resources of 6.0Mt @ 0.22% WO_3 and 151ppm Mo and Inferred Resources of 65.1Mt @ 0.17% WO_3 and 246ppm Mo.

Mulgine Hill

At Mulgine Hill, mineralisation is associated with the sub-horizontal upper contact of a mafic schist unit and overlying quartz-muscovite greisen. Tungsten occurs as scheelite in coarse disseminations within the greisen or within numerous quartz and greisen veins in both the mafic schists and the quartz-muscovite greisen.

Between 27 August and 5 October 2018, Tungsten Mining drilled 91 RC holes for 5,195 metres to complete 20 metre infill sections over pit optimisations at Mulgine Hill. Holes focused on the proposed main pit and two proposed satellite pits defined by mining planning undertaken in prior periods. Results have refined the understanding of mineralisation at Mulgine Hill and continue to confirm continuity of mineralisation present. Better intersections include 31 metres at 0.34% WO_3 from 17 metres, 14 metres at 3.85% WO_3 from 45 metres and 18 metres at 1.61% WO_3 from 54 metres (refer ASX announcement dated 30 October 2018).

Drilling has also identified additional new zones of significant mineralisation as follows:

- High-grade tungsten - molybdenum mineralisation in the footwall greisen beneath the Main pit that requires further drilling to define geometry and grade.
- Thick zones of low – medium grade tungsten ± molybdenum mineralisation intersected by drilling at the northeast pit. Mineralisation is open to the east.
- Multiple zones of low–medium grade tungsten molybdenum mineralisation in the upper greisen.

At Mulgine Hill Moly Prospect, drilling was highly encouraging intersecting multiple zones of molybdenum-tungsten mineralisation within a 100 metre wide envelope confirming the greater extent of tungsten and molybdenum mineralisation also reported in sterilisation drilling for the proposed Mulgine Hill development (refer September 2018 Quarterly Report).

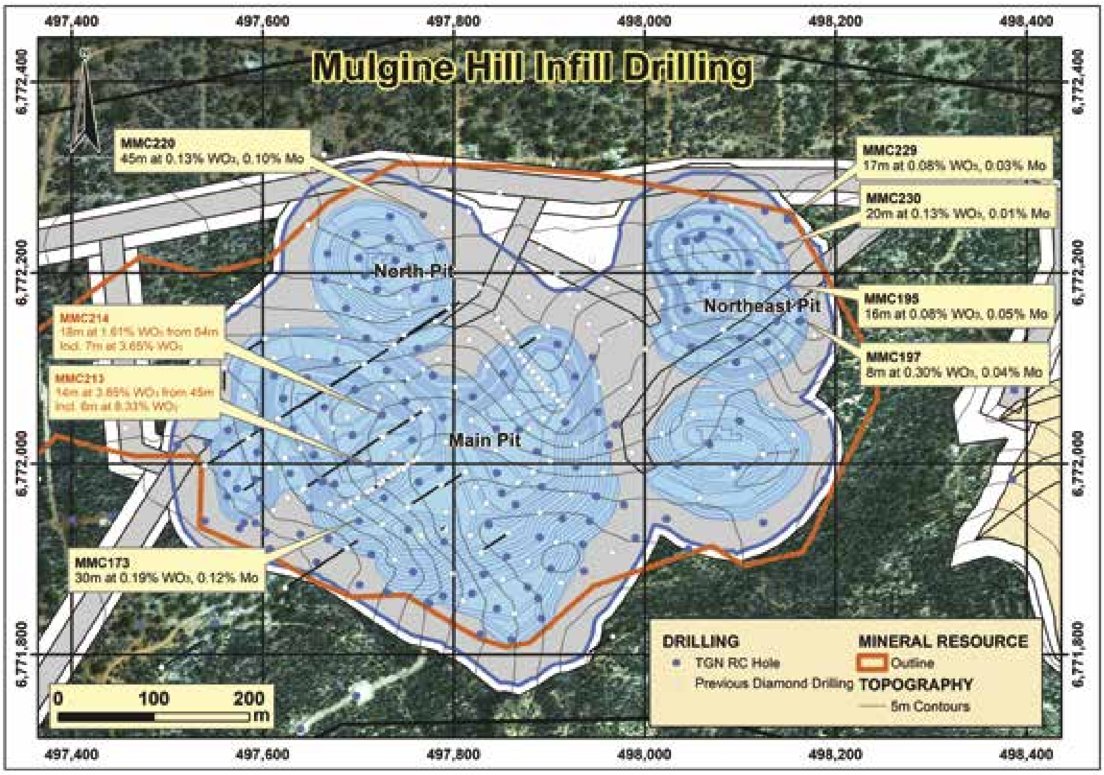


Figure 6 – Plan showing better results from infilling drilling of the Mulgine Hill pit designs

Figure 7 – Local flora at Mt Mulgine

Mulgine Hill Mineral Resource Update

Resource consultancy Optiro Pty Ltd was engaged to update the Mulgine Hill Mineral Resource. The previous Mulgine Hill Mineral Resource estimate was prepared by Optiro in May 2017 in accordance with the guidelines provided by the 2012 JORC Code. Since the May 2017 Mineral Resource estimate, the Company has drilled an additional 153 RC holes for 8,912 metres and four HQ diamond holes for 321 metres.

The updated Mineral Resource estimate for Mulgine Hill as of 21 March 2019 is 7.3 million tonnes at 0.22% WO_3 and 129 ppm Mo (Refer to ASX announcement dated 12 April 2019). The drilling completed by the Company has resulted in a 37% increase of Indicated tonnes with 25% more molybdenum and 4% decrease in tungsten at a 0.10% WO_3 lower cut off (refer to the Annual Mineral Resource and Ore Reserve Statement at page 21).

Mulgine Trench

Tungsten mineralisation at Mulgine Trench is hosted by quartz-scheelite veins in mafic and ultramafic volcanics in a 100 to 250 metre thick zone that extends over 1.5 kilometres of strike. Mineralisation is open along strike and down dip and is associated with foliation parallel quartz veins generally less than 10 centimetres in width. Mineralisation is strongest where quartz veining averages 15 – 20% of the total rock.

During August 2016, the Company drilled 9 RC holes for 476 metres at Mulgine Trench to test tungsten mineralisation adjacent to and beneath the Bobby McGee pit. Results from this drilling were extremely encouraging, intersecting substantial thicknesses of tungsten mineralisation (i.e. 72 metres at 0.16% WO_3 and 0.02% Mo from surface in MMC030) and molybdenum mineralisation (40 metres at 0.08% WO_3 and 0.12% Mo from surface in MMC028).

In September 2018, the Company drilled four PQ diamond holes for 528 metres to obtain samples for metallurgical studies at Mulgine Trench (Figure 5). The PQ core is being used to conduct extensive test work to identify the optimal recovery process for both tungsten and molybdenum.

Geological logging and sampling were completed in the December 2018 quarter and assay results were received and reported to ASX on 12 April 2019. The PQ diamond holes twinned historical diamond holes and one Tungsten Mining reverse circulation (RC) hole confirming original intersections. These holes demonstrated the significance of mineralisation present at Mulgine Trench by intersecting substantial thicknesses of low to medium grade tungsten-molybdenum mineralisation including 90 metres at 0.16% WO_3 and 0.015% Mo in MMD014 and 65 metres at 0.13% WO_3 and 0.032% Mo in MMD011. Drilling has provided four tonnes of mineralised core for the metallurgical program to be undertaken as a component of the PFS.

The Hazelwood 2014 Mulgine Trench Mineral Resource, comprising 63.8 million tonnes at a grade of 0.17% WO_3 and 250 ppm Mo (refer to the Annual Mineral Resource and Ore Reserve Statement at page 21, estimated grades for tungsten and molybdenum into 0.10% WO_3 domains and ignored low-grade tungsten that in many instances has associated molybdenum mineralisation. Interpretation of existing data indicates drilling is likely to define substantially

Figure 8 – Bobby McGee pit

more tonnes of polymetallic mineralisation at the Mulgine Trench deposit than defined by the current 2014 Mineral Resource Estimate. Mineralisation is open along strike, down dip and in some cases up dip.

In July 2019 Tungsten Mining commenced the first phase of a proposed three phase drilling campaign as part of the PFS. Results will be reported to ASX as the program proceeds over coming months.

Figure 9 – Drilling at the Mulgine Trench deposit

Geo-metallurgy

A preliminary geo-metallurgical model has been developed and identified 5 main lithologies which has significantly de-risked the representativity of samples selected for metallurgical test work proposed for the PFS. This model will continue to be developed using assay data and core logging information from phase 1 drilling.

PFS Metallurgical Testwork

The aim of the PFS metallurgical testwork program is to test the variability in metallurgical response between the different lithologies and identify the optimal flowsheet to produce a high grade tungsten and molybdenum concentrate. There will also be a focus on maximising the value from the by-products present in the ore body.

Ore sorting trials using XRT ore sorting technology on two six tonne bulk samples collected from existing stockpiles at Mulgine Trench was completed at TOMRA in NSW. The aim of the test work was to determine the optimal particle size range and to quantify the material balance between ore feed, product and waste.

Oxide/Weathered Layer R&D

The current phase of the R&D test work program to recover tungsten from the oxide/weathered zone has been completed. Samples collected from the Mulgine Hill reverse circulation (RC) drilling program underwent HLS test work and mineralogical analysis to identify mineral types that will be amenable to gravity concentration. The results from this work showed there was recoverable scheelite in the oxide layer. Additional work is required to understand how this translates to the Mulgine Trench orebody and where tungsten minerals can be economically extracted from the oxide layer.

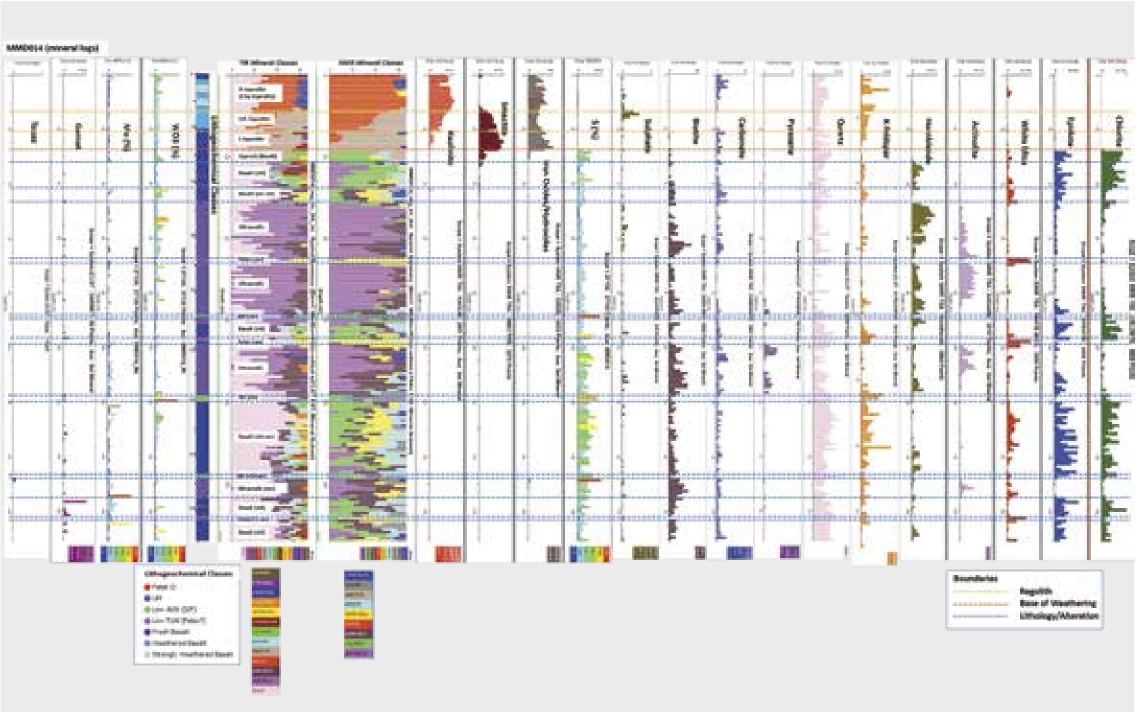


Figure 10 – Strip logs of Trench diamond core for geo-metallurgical model

Figure 11 – X-ray ore sorting trial at Tomra facility in NSW

Review of Operations

Other Projects

Hatches Creek Polymetallic Project, Davenport Province, NT

The Hatches Creek Project consists of two granted exploration licences covering 31.4 km² (EL22912 and EL23462), which cover the entire historic Hatches Creek tungsten mining centre. Hatches Creek is a large historical high-grade tungsten mining centre where mining was undertaken between 1915 and 1957. Previous recorded production is approximately 2,840 tonnes of 65% WO_3. Bismuth concentrate and copper ore have also been produced.

On 3 June 2019 the Company announced that it had executed an agreement with GWR Group Limited (ASX: GWR) ("GWR") to farm-in to the Hatches Creek Project. The Farm-in Agreement provides for Tungsten Mining to direct and manage exploration and development activities at Hatches Creek where past drilling by GWR confirmed multiple high-grade polymetallic tungsten prospects and demonstrated potential for a large high-grade polymetallic tungsten deposit (refer GWR announcements dated 17 July 2018 and 22 May 2019).

The Project is located 375 km north east of Alice Springs in the Northern Territory of Australia (Figure 12).

Pursuant to the terms of the Farm-in Agreement, summarised in the announcement dated 3 June 2019, the Company has acquired an initial 20% interest in the Project by reimbursing GWR for past exploration expenditure in the amount of $1.72m. Tungsten Mining can increase its interest to 51% by the expenditure of $3,000,000 on exploration, development and mining activities within 5 years of the commencement date. Should a decision to mine be made by Tungsten Mining whilst in the sole fund stage, the Company has an option to acquire GWR's remaining interest for $6.96m (indexed for CPI).

Successful completion of RC drilling program

On 22 May 2019 GWR reported high grade tungsten, copper and molybdenum results achieved from 13 RC drill holes for 1,524m completed at the Hit or Miss Prospect. The announcement (GWR: 22 May 2019) reported that all holes yielded multiple significant results which included:

- HCRC0053, 6m at 0.42% WO_3 from 35m, including 1m at 1.88% WO_3 from 40m;
- HCRC0053, 5m at 0.44% WO_3 and 1.00% Cu from 115m, including 1m at 0.72% WO_3 and 3.06% Cu from 115m;
- HCRC0054, 3m at 0.82% WO_3, from 100m, including 1m at 1.93% WO_3 from 100m.

The RC drilling program was reported as being successful with all holes yielding multiple significant tungsten intercepts, anomalous and significant Cu and Mo mineralisation has also been intersected in some areas, demonstrating the polymetallic style of the mineralisation.

Further details on the results of recent and past drilling programs, Mineral Resource Estimate for surface dumps and the Exploration Target Estimate for the Hatches Creek Project are set out in GWR's ASX announcements dated 17 July 2018 and 22 May 2019.

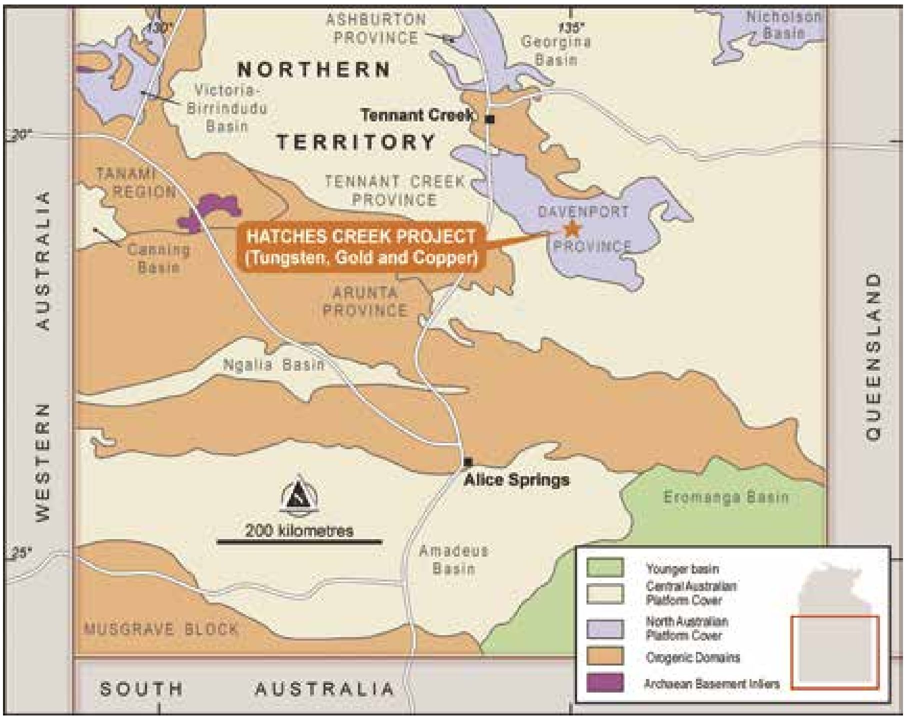


Figure 12 – Hatches Creek Project location map

Watershed Project, Far North, Queensland

On 1 May 2018 the Company and Vital Metals Limited (Vital Metals) executed a binding term sheet for TGN to acquire a 100% interest in the Watershed Tungsten Project 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 Metals 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_3 comprising Measured Resources of 9.5Mt at 0.16% WO_3, Indicated Resources of 28.4Mt at 0.14% WO_3 and Inferred Resources of 11.5Mt at 0.15% WO_3 at a cut-off grade of 0.05% WO_3 (refer ASX announcement dated 31 July 2018 - June Quarterly Report p23).

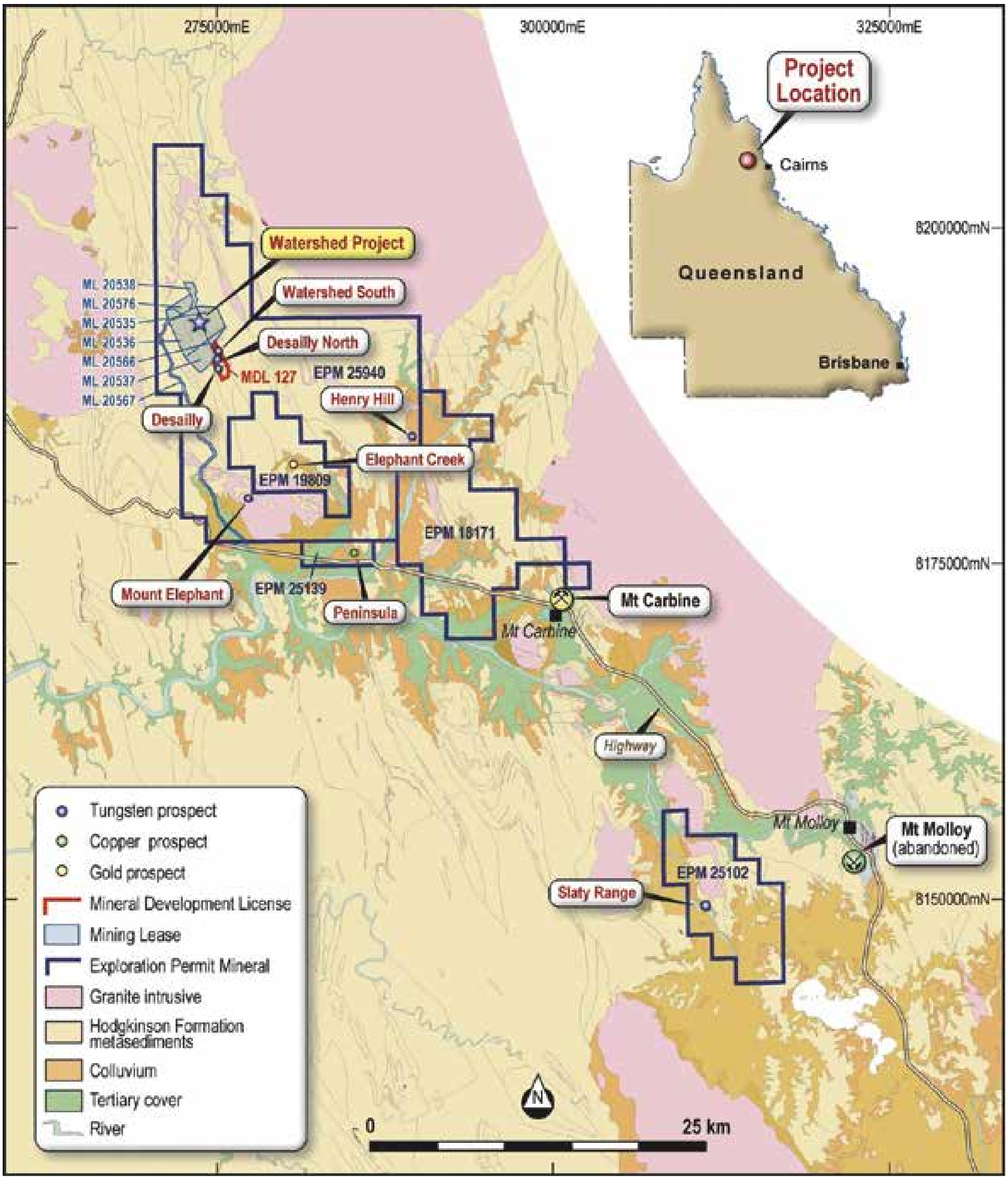


Figure 13 – Watershed Project location map

Review of Operations

Big Hill Project, Eastern Pilbara, WA

The Big Hill Project area is located approximately 30km northeast of the Nullagine township in the Eastern Pilbara 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 totalling 11.5Mt at 0.15% WO_3 (0.10% WO_3 cut-off) comprising an Indicated Resource of 6.2Mt at 0.16% WO_3 and an Inferred Resource of 5.3Mt at 0.13% WO_3.

Metallurgical test work conducted on samples from Big Hill at bench and pilot scale has 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. There were no activities undertaken for the Big Hill Project during the reporting period.

Kilba Project, Ashburton Region, WA

The Kilba Project is located within the Ashburton Region of Western Australia, 250km southwest of Karratha. To date, Tungsten Mining 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.

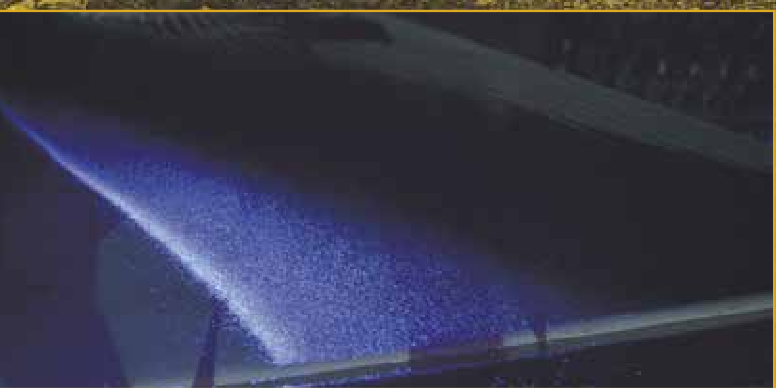
This work has defined a JORC-2012 compliant Mineral Resource totalling 5.0Mt at 0.24% WO_3 (0.10% WO_3 cut-off) comprising an Indicated Resource of 4.1Mt at 0.25% WO_3 and an Inferred Resource of 0.8Mt at 0.20% WO_3.

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

In May 2017, DMIRS approved a 5 year exemption from expenditure for M08/314 pursuant to the Mining Act. There were no activities undertaken for the Kilba Project during the reporting period.

Other Projects, Regional WA

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



Annual Mineral Resource and Ore Reserve Statement

As at 30 June 2019

Annual Review

The Company has conducted a review of its Mineral Resources and Ore Reserves. This review reveals a material change to the Mineral Resource and Ore Reserve information previously announced in the Company's 2018 Annual Report arising from the acquisition of the Watershed Project in August 2018. The details of the Watershed Ore Reserve and Mineral Resources together with those of the Company's other projects are set out below.

Ore Reserve and Mineral Resource information is limited to projects where the Company holds at least a 51% equity or joint venture interest.

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 April 2019, 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 2019, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

Mt Mulgine Mineral Resource estimate based on a 0.10% WO_3 cut-off grade.

Prospect	Class	Tonnes '000 t	WO_3 %	WO_3 t	Mo ppm	Mo t
Mulgine Trench	Indicated	400	0.14	500	400	150
	Inferred	63,400	0.17	109,300	250	15,600
	Total	**63,700**	**0.17**	**109,800**	**250**	**15,700**
Mulgine Hill	Indicated	5,600	0.23	12,900	133	700
	Inferred	1,700	0.19	3,200	113	200
	Total	**7,300**	**0.22**	**16,100**	**129**	**900**
Total	Indicated	6,000	0.22	13,400	151	900
	Inferred	65,100	0.17	111,000	246	16,000
	Total	**71,000**	**0.18**	**124,400**	**238**	**16,900**

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 ATC Alloys Ltd (formerly Hazelwood Resources Ltd) (refer ASX announcement - 5 November 2014), whilst the updated Mineral Resource Statement for the Mulgine Hill prospect was published in the ASX announcement of the Company on 12 April 2019.

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.

Watershed Project

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

Ore Reserves

As at 30 June 2019, total JORC-2012 Proven and Probable Ore Reserves were as follows:

Watershed Ore Reserve based on a minimum cut-off grade of 0.05% WO_3 .

Prospect	Class	Tonnes Mt	WO_3 %	WO_3 t
Watershed	Proven	6.4	0.16	10,465
	Probable	15.0	0.14	20,949
	Total	**21.3**	**0.15**	**31,413**

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 Ore Reserve Statement for the Watershed Project was first published by Vital Metals in an announcement to ASX on 17 September 2014 and was prepared in accordance with the 2012 edition of the JORC Code. Details of the modifying factors and information required for Table 1 Section 4 of the JORC Code are set out in an annexure to that announcement.

Mineral Resources

As at 30 June 2019, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

Watershed Mineral Resource estimate based on a 0.10% WO_3 cut-off grade.

Prospect	Class	Tonnes '000 t	WO_3 %	WO_3 t
Watershed	Measured	4,400	0.25	11,100
	Indicated	11,500	0.24	27,600
	Inferred	4,700	0.26	12,300
	Total	**20,700**	**0.25**	**50,700**

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 Watershed prospect was announced by Vital Metals on 4 July 2018 and prepared in accordance with the 2012 edition of the JORC Code. The Company completed the acquisition of North Queensland Tungsten Pty Ltd, the holder of a 100% interest in the Watershed Project in August 2018. 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.

Annual Mineral Resource and Ore Reserve Statement As at 30 June 2019

Big Hill Project

The Big Hill Project area is located approximately 30km 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 2019, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

Big Hill Mineral Resource estimate based on a 0.10% WO_3 cut-off grade.

Prospect	Class	Tonnes '000 t	WO_3 %	WO_3 t
Big Hill	Indicated	6,200	0.16	9,800
	Inferred	5,300	0.13	7,000
	Total	**11,500**	**0.15**	**16,700**

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, 320km 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 2019, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

Kilba Mineral Resource estimate based on a 0.10% WO_3 cut-off grade.

Prospect	Class	Tonnes '000 t	WO_3 %	WO_3 t
Zone 8	Indicated	540	0.27	1,500
	Inferred	150	0.31	500
	Total	**700**	**0.28**	**1,900**
Zone 11	Indicated	3,600	0.25	9,000
	Inferred	460	0.19	900
	Total	**4,000**	**0.24**	**9,800**
Zone 12	Inferred	230	0.15	400
	Total	**230**	**0.15**	**400**
Total	Indicated	4,100	0.25	10,400
	Inferred	840	0.20	1,700
	Total	**5,000**	**0.24**	**12,100**

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 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.

Annual Mineral Resource and Ore Reserve Statement As at 30 June 2019

Comparison of Ore Reserves and Mineral Resources against the 2018 Annual Report

The Company reported Indicated and Inferred Mineral Resources at the Mt Mulgine, Kilba, and Big Hill projects in the 2018 Annual Report. The Company has published an updated Mineral Resource estimate for the Mulgine Hill deposit and acquired a 100% interest in the Watershed Project during the reporting period.

A comparison of the Company's current Ore Reserve and Resource holdings against the 2018 Annual Report are tabulated below:

Comparison of Ore Reserves against the 2018 Annual Report (minimum 0.05% WO_3 cut-off grade).

		30 June 2018				30 June 2019			
		Tonnes	WO_3	WO_3 Metal		Tonnes	WO_3	WO_3 Metal	
Prospect	Category	Mt	%	t	%	Mt	%	t	%
Watershed	Proven	-	-	-	-	6.4	0.16	10,465	33%
	Probable	-	-	-	-	15.0	0.14	20,949	67%
	Total	**-**	**-**	**-**	**-**	**21.3**	**0.15**	**31,413**	**100%**
Total	Proven	-	-	-	-	6.4	0.16	10,465	33%
	Probable	-	-	-	-	15.0	0.14	20,949	67%
		-	**-**	**-**	**-**	**21.3**	**0.15**	**31,413**	**100%**

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).

Comparison of Mineral Resources against the 2018 Annual Report (0.10% WO_3 cut-off grade).

		30 June 2018				30 June 2019			
		Tonnes	WO_3	WO_3 Metal		Tonnes	WO_3	WO_3 Metal	
Prospect	Category	'000 t	%	t	%	'000 t	%	t	%
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	109,300	99.5%
	Total	**63,700**	**0.17**	**111,100**	**100.0%**	**63,700**	**0.17**	**109,800**	**100.0%**
Mulgine Hill	Indicated	4,100	0.25	10,300	63%	5,600	0.22	12,900	80%
	Inferred	3,000	0.19	5,700	37%	1,700	0.19	3,200	20%
	Total	**7,100**	**0.23**	**16,300**	**100%**	**7,300**	**0.23**	**16,100**	**100%**
Big Hill	Indicated	6,200	0.16	9,900	59%	6,200	0.16	9,800	59%
	Inferred	5,300	0.13	6,900	41%	5,300	0.13	7,000	41%
	Total	**11,500**	**0.15**	**16,800**	**100%**	**11,500**	**0.15**	**16,700**	**100%**
Kilba	Indicated	4,100	0.25	10,400	86%	4,100	0.25	10,400	86%
	Inferred	840	0.20	1,700	14%	840	0.20	1,700	14%
	Total	**5,000**	**0.24**	**12,100**	**100%**	**5,000**	**0.24**	**12,100**	**100%**
Watershed	Measured	-	-	-	-	4,400	0.25	11,100	22%
	Indicated	-	-	-	-	11,500	0.24	27,600	54%
	Inferred	-	-	-	-	4,700	0.26	12,300	24%
	Total	**-**	**-**	**-**	**-**	**20,700**	**0.25**	**50,700**	**100%**
Total	Measured	-	-	-	-	4,400	0.25	11,100	5%
	Indicated	14,800	0.21	30,800	20%	27,800	0.22	61,000	30%
	Inferred	72,500	0.17	124,900	80%	75,940	0.17	132,000	65%
	Total	**87,400**	**0.18**	**156,100**	**100%**	**108,200**	**0.19**	**200,400**	**100%**

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.

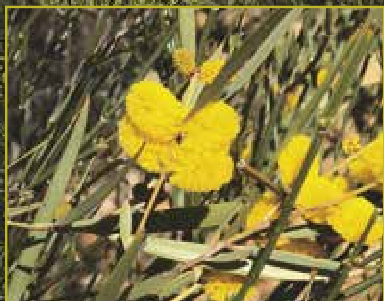
The company has completed drilling at Mulgine Trench since the December 2014 Mineral Resource estimate. Drilling at Mulgine Trench was located on the eastern edge of the Mineral Resource and the additional information would not have a material effect on the estimate as reported. A major program of drilling at Mulgine Trench has commenced following the end of the reporting period and an updated Mineral Resource estimate will be prepared as that program progresses.

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 Resource and Ore Reserve 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

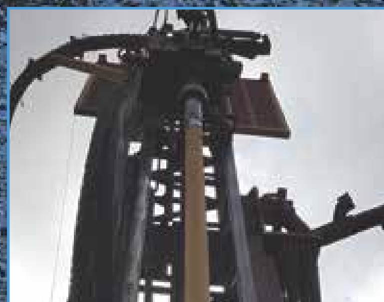
Tenement Name	Tenement	Holder	Interest Held at 30 Jun 2019
Kilba Well	E08/2139	SM3-W Pty Ltd	100%
Kilba Well	M08/314	SM3-W Pty Ltd	100%
Kilba Well	E08/2780	SM3-W Pty Ltd	100%
Koolyanobbing*	E77/2279	Lithium Australia NL	100% mineral rights for tungsten, 20% for other commodities
Callie Soak	E20/854	Tungsten 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
Mt Mulgine**	L59/161	Mid-West Tungsten Pty Ltd	100%
Mt Mulgine**	L59/162	Mid-West Tungsten Pty Ltd	100%
Big Hill	L46/70	Pilbara Tungsten Pty Ltd	100%
Big Hill	R46/3	Pilbara Tungsten Pty Ltd	100%
Watershed	ML20535	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20536	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20537	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20538	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20566	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20567	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20576	North Queensland Tungsten Pty Ltd	100%
Watershed	EPM25102	North Queensland Tungsten Pty Ltd	100%
Watershed	EPM18171	North Queensland Tungsten Pty Ltd	100%
Watershed	EPM25940	North Queensland Tungsten Pty Ltd	100%
Watershed	EPM19809	North Queensland Tungsten Pty Ltd	100%
Watershed	EPM25139	North Queensland Tungsten Pty Ltd	100%
Hatches Creek***	EL22912	NT Tungsten Pty Ltd	20%
Hatches Creek***	EL23463	NT Tungsten Pty Ltd	20%

Notes:

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

** Certain Mt Mulgine tenements are registered in the name of Minjar Gold Pty Ltd with Mid-West Tungsten Pty Ltd (MWT), a subsidiary of Tungsten Mining NL being the holder of the Tungsten and Molybdenum Mineral Rights. MWT is the registered holder of Miscellaneous Licenses L59/161 and 162.

***Tungsten Mining holds a 20% beneficial interest in the relevant tenements pursuant to the Hatches Creek Farm-in Agreement. GWR Group Ltd remains the registered tenement holder pending registration of the tenement transfers with the Northern Territory Department of Primary Industries & Resources.



2019 Financial Report

Directors' Report

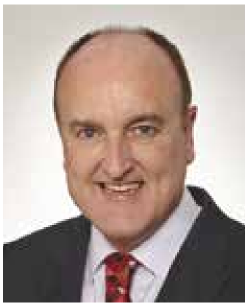
The directors of Tungsten Mining NL ("Tungsten Mining" or "the Company") present their report for Tungsten Mining NL, comprising the Company and the entities it controls ("the Group"), for the year ended 30 June 2019.

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

Previous ASX company directorships (last 3 years): Corizon Limited, Excelsior Gold 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	42,216,667	42,216,667
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	9,600,000
Total options on issue			**85,863,726**	**85,863,726**

During the year ended 30 June 2019, the Company issued 14,963,679 entitlement options exercisable at $0.60 on or before 31 December 2019 (2018: 12,683,380).

During the year ended 30 June 2019, all 9,250,000 vested employee options were converted to ordinary shares (2018: nil). A further 501,701 entitlement offer options were also exercised (2018: 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, 42,216,667 Entitlement offer options remain on issue.

During the year ended 30 June 2019, no (2018: nil) options expired. No options were cancelled (2018: 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 2019, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Gary Lyons	5	5	2	2
Tien Seng Law[1]	4	5	-	2
Kong Leng (Jimmy) Lee	5	5	2	2
Chew Wai Chuen	5	5	1	2
Teck Siong Wong	5	5	1	2

[1] Mr Law's attendance represents the number of meetings Mr Law or his alternate director Mr Wai Cheong Law attended.

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

A detailed review of operations, strategies and prospects for future finances years is presented under the Review of Operation section of this Annual Report.

Operating results for the year

The loss after income tax benefit for the year ended 30 June 2019 was $13,016,436 (2018: $4,195,372), which included an expense of $4,819,041 (2018: $3,170,388) of exploration expenditure and $7,049,292 (2018: $374,099) in share-based payments expenses.

Events since the end of the financial year

There have been no 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.
- Up to 15th of February 2019, the Group had an agreement for the provision of executive, administration and technical services by GWR Group Ltd ("GWR"). Craig Ferrier and Simon Borck were employees of GWR and, other than share-based payments, were remunerated by that entity for their services provided to the Group. From the 1st of June Craig Ferrier and Simon Borck became employees of the Tungsten Mining NL.
- 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	Long-term benefits	Share-based Payments		Total
	Salary & Fees	Other Services	Annual Leave	Super-annuation	Long Service Leave	Loan-funded shares	Options	
	$	$	$	$	$	$	$	$
Non-executive directors								
Gary Lyons								
2019	109,589	-	-	10,411	-	1,749,080	13,243	1,882,323
2018	59,361	-	-	5,639	-	-	50,844	115,844
Tan Sri Dato Tien Seng Law[1]								
2019	100,000	-	-	-	-	2,623,620	-	2,723,620
2018	23,495	-	-	-	-	-	-	23,495
Chew Wai Chuen								
2019	80,000	-	-	-	-	874,540	13,243	967,783
2018	43,333	-	-	-	-	-	50,844	94,177
Kong Leng (Jimmy) Lee								
2019	73,059	12,500	-	6,941	-	874,540	13,243	980,283
2018	39,574	21,250	-	3,760	-	-	50,844	115,428
Teck Siong Wong								
2019	80,000	-	-	-	-	874,540	13,243	967,783
2018	43,333	-	-	-	-	-	50,844	94,177
Wai Cheong Law[2]								
2019	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
Other executives								
Craig Ferrier[3]								
2019	28,449	-	2,144	2,083	697	-	-	33,373
2018	-	-	-	-	-	-	92,283	92,283
Mark Pitts[4]								
2019	42,000	4,500	-	-	-	-	-	46,500
2018	42,000	-	-	-	-	-	13,843	55,843
Simon Borck[3]								
2019	12,762	-	982	1,212-	-	-	-	14,956
2018	-	-	-	-	-	-	18,457	18,457
Total Remuneration								
2019	**525,859**	**17,000**	**3,126**	**20,647**	**697**	**6,996,320**	**52,972**	**7,616,621**
2018	**251,096**	**21,250**	**-**	**9,399**	**-**	**-**	**327,959**	**609,704**

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) Up to 15th of February 2019, the Group had an agreement for the provision of executive, administration and technical services by GWR Group Ltd ("GWR"). Craig Ferrier and Simon Borck were employees of GWR and, other than share-based payments, were remunerated by that entity for their services provided to the Group. From the 1st of June Craig Ferrier and Simon Borck became employees of the Tungsten Mining NL.

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 $6,319 (2018: $4,000). 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 2019, no (2018: nil) options were granted to Key Management Personnel.

During the year ended 30 June 2019, 16,000,000 loan-funded shares (2018: nil) 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.

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 2019 and 2018 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
	Number	Number	Number	Number	Number	Number
Non-executive directors						
Gary Lyons	4,000,000	-	-	-	4,000,000	4,000,000
Tan Sri Dato Tien Seng Law	-	-	-	-	-	-
Chew Wai Chuen[1]	4,000,000	-	-	-	4,000,000	4,000,000
Kong Leng (Jimmy) Lee	4,000,000	-	-	-	4,000,000	4,000,000
Teck Siong Wong	4,000,000	-	-	-	4,000,000	4,000,000
Wai Cheong Law	-	-	-	-	-	-
Other executives						
Craig Ferrier	5,000,000	-	(5,000,000)	-	-	-
Simon Borck	1,000,000	-	(1,000,000)	-	-	-
Mark Pitts	750,000	-	(750,000)	-	-	-
	22,750,000	**-**	**(6,750,000)**	**-**	**16,000,000**	**16,000,000**

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

	Grant date	Number granted as compensation	Fair value of granted options at grant date	Number of options vested and exercisable during the year	Percentage of options vested during the year	Percentage of options vested 30 June 2019
		Number	$	Number	%	%
Non-executive directors						
Gary Lyons	23 Dec 2016	4,000,000	69,632	4,000,000	60%	100%
Tan Sri Dato Tien Seng Law	-	-	-	-	-	-
Chew Wai Chuen[1]	23 Dec 2016	4,000,000	69,632	4,000,000	60%	100%
Kong Leng (Jimmy) Lee	23 Dec 2016	4,000,000	69,632	4,000,000	60%	100%
Teck Siong Wong	23 Dec 2016	4,000,000	69,632	4,000,000	60%	100%
		16,000,000	**278,528**	**16,000,000**		

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

Directors' Report

Share and option based payments (continued)

The value of granted Options is the fair value calculated at grant date. The total value is included in the table above and is allocated to remuneration over the vesting period. Refer to note 19 in the Financial Statements of this report for further details of options granted to KMP as remuneration.

Details of vesting profiles of the Loan-funded shares 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	Percentage of shares vested during the year	Vested and exercisable at the end of year
	Number	Number	Number	Number	Number	%	Number
Non-executive directors							
Gary Lyons	-	4,000,000	-	-	4,000,000	100%	4,000,000
Tan Sri Dato Tien Seng Law	-	6,000,000	-	-	6,000,000	100%	6,000,000
Chew Wai Chuen	-	2,000,000	-	-	2,000,000	100%	2,000,000
Kong Leng (Jimmy) Lee	-	2,000,000	-	-	2,000,000	100%	2,000,000
Teck Siong Wong	-	2,000,000	-	-	2,000,000	100%	2,000,000
	-	**16,000,000**	**-**	**-**	**16,000,000**		**16,000,000**

Details of Loan-funded shares granted as compensation held at reporting date by KMP of the Company are detailed below.

	Grant date	Number granted as compensation	Maturity date	Fair value of share based payments	Total loan value
		Number		$	$
Non-executive directors					
Gary Lyons	26 Jul 2018	4,000,000	26 Jul 2028	1,749,080	1,912,000
Tan Sri Dato Tien Seng Law	26 Jul 2018	6,000,000	26 Jul 2028	2,623,620	2,868,000
Chew Wai Chuen	26 Jul 2018	2,000,000	26 Jul 2028	874,540	956,000
Kong Leng (Jimmy) Lee	26 Jul 2018	2,000,000	26 Jul 2028	874,540	956,000
Teck Siong Wong	26 Jul 2018	2,000,000	26 Jul 2028	874,540	956,000
		16,000,000		**6,996,320**	**7,648,000**

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. In the prior 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. In the prior 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. In the prior 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. In the prior year, his directors fees were revised to $80,000 per annum.

Mr Ferrier is the Chief Executive Officer and his remuneration was $334,600 (2018: $Nil) (plus superannuation contributions). On the 1st of June 2019, Mr Ferrier became an employee of the Company. Prior to that was an employee of GWR Group Ltd. Mr Ferrier may terminate his employment by the giving of one month's notice in writing to the Company. The Company may terminate the agreement by giving three months' notice in writing. The Company may pay Mr Ferrier for any or all of the three months' notice period in lieu of notice.

Mr Borck is the Group Financial Controller and was appointed as the Joint Company Secretary on 8 November 2016. For services he provides to the Group, his remuneration was $153,150 per annum (2018: $Nil) (plus statutory superannuation contributions). Mr Borck may terminate his employment by the giving of four weeks' notice in writing to the Company. The Company may terminate his employment agreement by giving four weeks' notice in writing. On the 1st of June 2019, Mr Borck became an employee of the Company. Prior to that was an employee of GWR Group Ltd.

Other

The Company had an agreement for the provision of management and technical services to the Company by GWR Group Ltd. Mr Ferrier and Mr Borck were employees of GWR Group Ltd and, other than share-based payments, were remunerated by that entity. The management agreement was terminated in the current year with Mr Ferrier and Mr Borck becoming employees of the Company. A new agreement was entered into whereby the Company provides the above services to GWR Group Ltd from the 1st of June 2019.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the year ended 30 June 2019.

Shares

Share holdings for KMP.

The number of ordinary shares in the Company held by KMP during the 2019 financial year is as follows:

	Balance at beginning of year / on appointment	Granted as remuneration	Issued on exercise of options during the year	Other changes during the year	Balance at end of year or cessation of office
	Number	Number	Number	Number	Number
Non-executive directors					
Gary Lyons	-	4,000,000	-	-	4,000,000
Tan Sri Dato Tien Seng Law[1]	46,865,000	6,000,000	-	17,300,000	70,165,000
Chew Wai Chuen	625,001	2,000,000	-	-	2,625,001
Kong Leng (Jimmy) Lee	-	2,000,000	-	-	2,000,000
Teck Siong Wong	-	2,000,000	-	-	2,000,000
Wai Cheong Law[2]	6,242,649	-	-	-	6,242,649
Other executives	-	-	-	-	-
Craig Ferrier	-	-	5,000,000	(5,000,000)	-
Simon Borck	-	-	1,000,000	(1,000,000)	-
Mark Pitts	-	-	750,000	(750,000)	-
	53,732,650	**16,000,000**	**6,750,000**	**10,550,000**	**87,032,650**

1) Tan Sri Dato Tien Seng Law was appointed on 15 January 2018

2) Wai Cheong Law was on 20 July 2018

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 page 45 and forms part of this report.

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

GARY LYONS
Chairman
Perth

Dated 19 September 2019

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

19 September 2019

Board of Directors
Tungsten Mining NL
Level 4,
46 Colin Street,
West Pert WA 6005

Dear Directors

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 2019, 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 sincerely,
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

Martin Michalik
Director

2019 Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue from continuing activities			
R&D tax offset		149,240	204,087
Interest		830,461	253,238
Other		10,041	45,000
Total revenue		**989,742**	**502,325**
Expenses			
Administration		(1,230,666)	(894,385)
Exploration		(4,819,041)	(3,170,388)
Remuneration		(907,179)	(258,825)
Share-based payments	29	(7,049,292)	(374,099)
Loss from continuing operations before income tax		**(13,016,436)**	**(4,195,372)**
Income tax benefit	4	-	-
Net loss for the year		**(13,016,436)**	**(4,195,372)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		**(13,016,436)**	**(4,195,372)**
Net loss attributable to members of the Parent		(13,016,436)	(4,195,372)
Total comprehensive loss attributable to members of the Parent		(13,016,436)	(4,195,372)
Basic loss per share (cents per share)	7	(1.80)	(0.84)

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 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	8	33,783,517	34,130,400
Trade and other receivables	9	214,509	308,154
Funds for shares not issued	10,18	-	18,194,634
Other financial assets		306,029	40,000
Total current assets		**34,304,055**	**52,673,188**
Non-current assets			
Plant and equipment	11	2,742,772	888,078
Right of use assets	12	968,122	-
Exploration and evaluation	13	19,707,196	2,352,171
Total non-current assets		**23,418,090**	**3,240,249**
Total assets		**57,722,145**	**55,913,437**
Current liabilities			
Trade and other payables	14	478,031	604,594
Lease liabilities	15	196,160	-
Provisions	16	231,796	4,089
Total current liabilities		**905,987**	**608,683**
Non-current liabilities			
Lease liabilities	15	774,936	-
Provisions	16	434,914	65,000
Total non-current liabilities		**1,209,850**	**65,000**
Total liabilities		**2,115,837**	**673,683**
Net assets		**55,606,308**	**55,239,754**
Equity			
Issued capital	17	80,533,512	56,005,180
Shares to be issued	10,18	-	18,194,634
Reserves	19	7,851,718	802,426
Accumulated losses	20	(32,778,922)	(19,762,486)
Total equity		**55,606,308**	**55,239,754**

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

2019 Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Issued capital	Shares to be issued	Reserves	Accumulated losses	Total
	$	$	$	$	$
At 1 July 2017	20,588,067	-	428,327	(15,567,114)	5,449,280
Loss for the year	-	-	-	(4,195,372)	(4,195,372)
Other comprehensive loss (net of tax)	-	-	-	-	-
Total comprehensive loss for the year (net of tax)	-	-	-	(4,195,372)	(4,195,372)
Transactions with owners in their capacity as owners:					
Share-based payments	-	-	374,099	-	374,099
Shares issued	36,604,258	-	-	-	36,604,258
Shares to be issued	-	18,194,634	-	-	18,194,634
Share issue transaction costs	(1,187,145)	-	-	-	(1,187,145)
At 30 June 2018	**56,005,180**	**18,194,634**	**802,426**	**(19,762,486)**	**55,239,754**
At 1 July 2018	56,005,180	18,194,634	802,426	(19,762,486)	55,239,754
Loss for the year	-	-	-	(13,016,436)	(13,016,436)
Other comprehensive loss (net of tax)	-	-	-	-	-
Total comprehensive loss for the year (net of tax)	**-**	-	**-**	**(13,016,436)**	**(13,016,436)**
Transactions with owners in their capacity as owners:					
Share-based payments	-	-	7,049,292	-	7,049,292
Shares issued	25,438,254	(18,194,634)	-	-	7,243,620
Options exercised	422,050	-	-	-	422,050
Share issue transaction costs	(1,331,972)	-	-	-	(1,331,972)
At 30 June 2019	**80,533,512**	**-**	**7,851,718**	**(32,778,922)**	**55,606,308**

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 2019

	Note	2019 $	2018 $
Operating activities			
Payments to suppliers and employees		(7,074,127)	(4,027,655)
Receipts from customers		45,000	-
R&D tax offset received		149,240	204,087
Interest received		779,456	211,609
Lease payments		(107,279)	-
Net cash flows (used in) operating activities	24	**(6,207,710)**	**(3,611,959)**
Investing activities			
Purchase of property, plant and equipment		(1,840,988)	(524,777)
Acquisition of subsidiary	30	(14,912,265)	-
Payment for interest in Hatches Creek project		(1,720,942)	-
Security deposits paid		(193,310)	(40,000)
Net cash flows (used in) investing activities		**(18,667,505)**	**(564,777)**
Financing activities			
Share issue costs	17	(1,331,973)	(1,185,124)
Proceeds from issue of shares and exercise of options	17	25,860,305	36,304,258
Proceeds from shares to be issued	18	-	18,194,634
Net cash flows from financing activities		**24,528,332**	**53,313,768**
Net (decrease) / increase in cash and cash equivalents		**(346,883)**	**49,137,032**
Adjustment for restricted cash held at balance date	10	-	(18,194,634)
Cash and cash equivalents at the beginning of the year		34,130,400	3,188,002
Cash and cash equivalents at the end of the year	8	**33,783,517**	**34,130,400**

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 2019

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 2019 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

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 notes 12 and 15. 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.

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. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has applied the new Standard effective from 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

The adoption of AASB 15 does not have a significant impact on the Group as the Group does not currently have any revenue from customers.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

As a result of adopting AASB 9 Financial Instruments, the Group has amended its financial instruments accounting policies to align with AASB 9. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

There were no financial instruments which the Group designated at fair value through profit or loss under AASB 139 that were subject to reclassification. The Board assessed the Group's financial assets and determined the application of AASB 9 does not result in a change in the classification of the Group's financial instruments.

The adoption of AASB 9 does not have a significant impact on the financial report.

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.

(c) Critical accounting estimates and judgements

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

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

Recovery of deferred tax assets

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

Mineral acquisition costs

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

(d) Exploration and evaluation expenditure

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

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

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

(e) Plant & Equipment

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

Plant and equipment – over 3 to 25 years

Impairment

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

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

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 2019

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

(k) Revenue recognition

The Group has applied AASB Revenue from Contracts with Customers using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 111: Construction Contracts. The adoption of AASB 15 does not have a significant impact on the Group as the Group does not currently have any revenue from customers.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

R&D Rebates

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) Financial investments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Financial assets

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).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

Notes to Financial Statements for the year ended 30 June 2019

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (Equity instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

Impairment

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Comparative information

The Group has applied AASB 9 Financial Instruments retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until 30 June 2018, the Group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

(p) 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.

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.

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.

(q) Share Based Payments

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

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

NOTE 3: SEGMENT INFORMATION

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

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

Based on these criteria, the Group has only one operating segment, being exploration, and evaluation and the segment operations and results are reported internally based on the accounting policies as described in note 2 for the computation of the controlled entity's results presented in this set of financial statements.

Notes to Financial Statements for the year ended 30 June 2019

NOTE 4: INCOME TAX

	Consolidated	
	2019	2018
	$	$
(a) Prima facie income tax benefit at 30% on loss from ordinary activities is reconciled to the income tax provided in the financial statements		
Loss from continuing operations before income tax	(13,016,436)	(4,195,372)
Prima facie tax benefit at the Australian tax rate of 30% (2018:27.5%)	(3,904,931)	(1,153,727)
Tax effect of:		
Non-deductible expenses	2,115,304	47,856
Non-assessable income	(44,772)	-
Adjustments in the current year in relation to the current tax of previous years	102,533	129,020
Change in corporate tax rate	(523,237)	-
Effect of deferred taxes that would be recognised directly in equity	(399,592)	(305,274)
Tax losses & temporary differences not brought to account	2,654,695	1,282,125
Income tax expense/(benefit)	-	-
(b) Deferred tax assets		
Deferred tax assets that have not be recognised:		
Accrued expenses	24,635	23,925
Employee benefits	66,513	3,343
Other future deductions	527,723	259,884
Unused tax losses	7,930,219	5,548,872
	8,549,090	5,836,024
Deferred tax asset not recognised	(8,549,090)	(5,836,024)
	-	-
(c) Deferred tax liabilities		
Accrued interest	30,406	26,221
Prepayments	26,016	-
Mining tenements and rights	82,368	54,198
	138,790	80,419
Deferred tax liability not brought to account	(138,790)	(80,419)
	-	-

Potential deferred tax assets of $8,410,300 as at 30 June 2019 (2018: $5,755,605), 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.

NOTE 5: KEY MANAGEMENT PERSONNEL REMUNERATION

	Consolidated	
	2019	2018
	$	$
Short-term benefits	545,985	272,346
Share-based payments	7,049,292	327,959
Long-term benefits	697	-
Post-employment benefits	20,647	9,399
Total KMP compensation	7,616,621	609,704

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	
	2019	2018
	$	$
Remuneration of the auditor of the Group for:		
- auditing or reviewing the financial report (accruals)	51,768	39,122
- (over)/under accrual in prior year	4,149	(952)
	55,917	38,170

NOTE 7: LOSS PER SHARE

	Consolidated	
	2019	2018
	$	$
Basic loss per share	(1.80)	(0.84)
Loss used in calculating basic loss per share	(13,016,436)	(4,195,372)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic loss per share	721,964,823	501,581,818

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

Notes to Financial Statements for the year ended 30 June 2019

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated	
	2019	2018
	$	$
Cash at bank	2,372,200	1,574,356
Term deposits	31,411,317	32,556,044
	33,783,517	34,130,400

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	
	2019	2018
	$	$
Current		
GST receivable	78,537	120,738
Interest Receivable	101,354	50,349
Other receivables	34,618	137,067
	214,509	308,154

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	
	2019	2018
	$	$
Funds for shares not issued	-	18,194,634

Funds for shares not issued

The comparative 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 comparative financial year. During the current period, and upon allotment of the shares, these funds form part of Cash and Cash Equivalents and are recorded within Issued Capital.

NOTE 11: PLANT AND EQUIPMENT

	Processing Plant	Office Equipment	Exploration Equipment	Computer Software	Total
	$	$	$	$	$
2019					
Cost	2,485,247	155,268	140,415	67,270	2,848,200
Accumulated depreciation	-	(34,662)	(40,940)	(29,826)	(105,428)
	2,485,247	120,606	99,475	37,444	2,742,772
Opening net carrying value	795,347	17,928	72,994	1,809	888,078
Additions	1,689,900	117,273	33,419	42,599	1,883,191
Depreciation charge for the year	-	(14,595)	(6,938)	(6,964)	(28,497)
Closing net carrying value	2,485,247	120,606	99,475	37,444	2,742,772

Acquisition of processing facility

During the previous 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.

During the period, the Group acquired two new x-ray ore sorters. Total consideration for the ore sorters and acquisition costs during the period was $1.69m with a remaining balance, not yet incurred, to be paid post commissioning, but no later than six months after delivery date. Processing Plant above relates to both processing plant and ore sorters, both of which are not currently being depreciated as neither are in use (refer to note 21).

	Processing Plant	Office Equipment	Exploration Equipment	Computer Software	Total
	$	$	$	$	$
2018					
Cost	795,347	37,994	106,995	24,671	965,007
Accumulated depreciation	-	(20,066)	(34,001)	(22,862)	(76,929)
	795,347	17,928	72,994	1,809	888,078
Opening net carrying value	-	3,749	71,828	7,602	83,179
Additions	795,347	20,705	8,724	-	824,776
Depreciation charge for the year	-	(6,526)	(7,558)	(5,793)	(19,877)
Closing net carrying value	795,347	17,928	72,994	1,809	888,078

Notes to Financial Statements for the year ended 30 June 2019

NOTE 12: RIGHT OF USE ASSETS

	Buildings	
	2019	2018
	$	$
Cost	1,086,019	-
Accumulated depreciation	(117,897)	-
	968,122	-
Opening net carrying value	-	-
Additions	1,086,019	-
Depreciation charge for the year	(117,897)	-
Closing net carrying value	968,122	-

Property leases

The above right-of-use assets and lease liabilities relate to certain property leases entered into during the period by the Group (refer Note 15).

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.

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 receive
- any initial direct costs,
- and restoration costs

Right-of-use assets are being depreciated over the lease term on a straight-line basis which is five years for both leases in place at 30 June 2019. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

NOTE 13: EXPLORATION AND EVALUATION

	Consolidated	
	2019	2018
	$	$
At 1 July	2,352,171	2,352,171
Purchase of interest in Hatches Creek project	1,806,129	-
Acquisitions during the year (Note 30)	15,548,896	-
As at 30 June	19,707,196	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.

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

	Mt Mulgine	Big Hill	Kilba	Watershed	Hatches Creek	Total
	$	$	$	$	$	$
At 1 July 2017	1,193,546	158,625	1,000,000	-	-	2,352,171
At 30 June 2018	1,193,546	158,625	1,000,000	-	-	2,352,171
At 1 July 2018	1,193,546	158,625	1,000,000	-	-	2,352,171
Acquisitions (Note 30)	-	-	-	15,548,896	-	15,548,896
Purchase of interest	-	-	-	-	1,806,129	1,806,129
At 30 June 2019	1,193,546	158,625	1,000,000	15,548,896	1,806,129	19,707,196

Hatches Creek Farm-in Agreement

On 3 June 2019, the Company announced the execution of a Farm-in agreement with GWR Group Limited to acquire 20% interest in the Hatches Creek Tungsten Project ("Hatches Creek"). GWR Group is considered a related-party of the Company.

The Farm-in stages are as follows:

- The Company has initially acquired a 20% interest in Hatches Creek through the reimbursement of $1,720,942 in past exploration expenditure incurred by GWR;
- The Company can increase its interest to 51% by the expenditure of $3,000,000 on exploration, development and mining activities within 5 years of the acquisition date; and
- Once a decision to mine has been made, the Company can acquire GWR's remaining interest for $6,959,058 (indexed for CPI).

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated	
	2019	2018
	$	$
Current		
Trade payables	277,400	339,062
Accrued expenses[1]	143,052	240,059
Other payables[1]	57,579	25,473
	478,031	604,594

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.

1) In the prior year financial report, a provision for annual leave ($4,089) was included in other payables and a provision for rehabilitation ($65,000) was included in accrued expenses (refer Note 16).

Notes to Financial Statements for the year ended 30 June 2019

NOTE 15: LEASE LIABILITIES

	Consolidated 2019	Consolidated 2018
	$	$
Current		
Property lease liabilities	196,160	-
	196,160	-
Non-current		
Property lease liabilities	774,936	-
	774,936	-
Total lease liabilities	971,096	-

Property leases

The above lease liabilities and right-of-use assets (refer Note 12) relate to certain property leases entered into during the period by the Group.

The lease liability valuation was calculated at lease inception from the total lease payment obligations being discounted using the Group's incremental borrowing rate. An incremental borrowing rate of 5.68% was based on a secured interest rate that would be apply if finance was sought for an amount and time period equivalent to the lease requirements of the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period.

NOTE 16: PROVISIONS

	Consolidated 2019	Consolidated 2018
	$	$
Current		
Provision for rehabilitation	20,000	-
Provision for employee annual leave[1]	156,022	4,089[1]
Provision for employee long service leave	55,774	-
	231,796	4,089[1]
Non-current		
Provision for rehabilitation[2]	425,000	65,000[1]
Provision for employee long service leave	9,914	-
	434,914	65,000[1]
Total provisions	666,710	69,089[1]

1) The provision for employee annual leave ($4,089) and the provision for rehabilitation were included in trade and other payables ($65,000) in the prior year financial report.

2) The provision for rehabilitation at 30 June 2019 includes an amount of $400,000 which was assumed as part of the North Queensland Tungsten Pty Ltd acquisition (refer Note 30)

NOTE 17: SHARE CAPITAL

	Consolidated	
	2019	2018
	$	$
Issued and Unissued Share Capital		
Ordinary shares fully paid	80,533,512	56,005,180
Funds received for shares to be issued (Note 18)	-	18,194,634
	80,533,512	74,199,814

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.

Movements in the issued capital of the Company are:

	Consolidated			
	2019	2018	2019	2018
	$	$	Number	Number
At 1 July	56,005,180	20,588,067	628,322,561	395,479,062
Ordinary Shares				
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	25,438,254	21,561,747	74,818,393	63,416,902
Shares issued on the exercise of options during the year	422,050	869,332	9,751,701	23,194,809
Loan funded share plan shares	-	-	16,000,000	-
Cost incurred relating to issue of shares	(1,331,972)	(1,187,145)	-	-
Total issued capital at 30 June	80,533,512	56,005,180	728,892,655	628,322,561

Notes to Financial Statements for the year ended 30 June 2019

NOTE 18: SHARES TO BE ISSUED

	Consolidated	
	2019	2018
	$	$
Shares to be issued		
Shares to be issued (note 10, 17)	-	18,194,634

NOTE 19: RESERVES

	Consolidated	
	2019	2018
	$	$
Share option reserve	855,398	802,426
Loan-funded share scheme reserve	6,996,320	-
	7,851,718	**802,426**

Movement in 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 19: RESERVES (CONTINUED)

	Number	WAEP	$
At 1 July 2017	91,163,177	$0.044	428,327
Vesting expense of Director/Employee options (Note 29)	-	-	374,099
Free-attaching options issued under share placement	12,683,380	$0.600	-
Free-attaching options exercised during the year	(23,194,809)	$0.038	-
At 30 June 2018	**80,651,748**	**$0.124**	**802,426**
At 1 July 2018	**80,651,748**	**$0.124**	**802,426**
Vesting expense of Director/Employee options (Note 29)	-	-	52,972
Free-attaching options issued under share placement	14,963,679	$0.600	-
Employee options exercised	(9,250,000)	$0.044	-
Free-attaching options exercised during the year	(501,701)	$0.030	-
At 30 June 2019	**85,863,726**	**$0.216**	**855,398**

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	14,963,679	N/A	$0.60	31 Dec 2019
	14,963,679			

Vested and excercisable options

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

	Number outstanding	Number vested and excercisable	Exercise price	Expiry date	Remaining contractual life
Non-renounceable entitlement offer options	42,216,667	42,216,667	0.03	31 Dec 2019	0.51 years
Placement options	27,647,059	27,647,059	0.60	31 Dec 2019	0.51 years
Director options					
Tranche 1	3,200,000	3,200,000	0.03	23 Dec 2020	1.49 years
Tranche 2	3,200,000	3,200,000	0.04	23 Dec 2020	1.49 years
Tranche 3	9,600,000	9,600,000	0.05	23 Dec 2020	1.49 years
Outstanding at year end	**85,863,726**	**85,863,726**			

Notes to Financial Statements for the year ended 30 June 2019

NOTE 19: RESERVES (CONTINUED)

Summary of limited recourse loan funded shares granted during the year

The following table illustrates shares issued under limited recourse loan-funded share schemes during the year.

	Number granted	Fair value of loan-funded shares	Purchase Price	Purchase (grant) date	Loan expiry date	Remaining contractual life
Loan funded shares	16,000,000	$6,996,320	$0.478	26 Jul 18	26 Jul 28	9.08 years
	16,000,000	**$6,996,320**				

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	$0.43727
Total fair value of loans	$6,996,320

NOTE 20: ACCUMULATED LOSSES

	Consolidated	
	2019	2018
	$	$
Opening balance	(19,762,486)	(15,567,114)
Net loss for the year	(13,016,436)	(4,195,372)
Accumulated losses at the end of the financial year	(32,778,922)	(19,762,486)

NOTE 21: COMMITMENTS

Exploration

The Group based on the minimum annual commitments pursuant to the terms and conditions of environmental authorities, exploration licences and mineral rights will have minimum annual commitment obligations of $1,233,309 (2018: $474,700) 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.

Processing Plant

The Group acquired two new x-ray ore sorters during the year. Pursuant to the agreement purchase consideration incurred and/or paid for the ore sorters, including acquisition costs was $1.69m with a remaining balance of $91,050, not yet incurred, to be paid post commissioning, but no later than six months after delivery date (refer note 11).

NOTE 22: CONTINGENCIES

On 3 June 2019, the Company announced the execution of a Farm-in agreement with GWR Group Limited to acquire 20% interest in the Hatches Creek Tungsten Project (refer Note 13). The Group is not aware of any other significant contingencies that existed at balance date.

NOTE 23: 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	
	2019	**2018**
	$	**$**
Income		
Management fee	10,000	-
Reimbursement of leave liabilities transferred	189,290	-
Administration reimbursements	25,259	-
Total Income	224,549	-
Expenses		
Executive and staff cost recoveries	(400,867)	(360,000)
Project related costs / reimbursements	(291,720)	(92,788)
Administration reimbursements	(78,961)	(73,687)
Total Expenses	(771,548)	(526,475)
Net Income / (Expense)	(546,999)	(526,475)

The net balance outstanding as at 30 June 2019 with GWR was a receivable of $20,603 (2018: payable of $37,400). The Group also executed a Farm-in Agreement with GWR and acquired an initial 20% of the Hatches Creek Project (see note 13).

(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 $6,319 (2018: $4,000).

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

NOTE 24: CASH FLOW INFORMATION

	Consolidated	
	2019	**2018**
	$	**$**
(a) Reconciliation of cash flows from operations with loss from ordinary activities after income tax		
Loss from ordinary activities after income tax	(13,016,436)	(4,195,372)
Add back:		
Depreciation	28,497	19,877
Right-of-asset depreciation	117,897	-
Share based payments	7,049,292	374,099
Payment of assumed liability	(236,632)	-
Changes in assets and liabilities		
Decrease / (increase) in trade and other receivables	111,866	(262,142)
Net movement in right-of-use assets and lease liabilities	(114,923)	-
Decrease / (increase) in other current assets	(86,719)	-
Increase / (decrease) in trade and other payables	(258,173)	451,579
Increase / (decrease) in provisions	197,621	-
Cash flows used in operations	(6,207,710)	(3,611,959)

(b) Non cash financing and investing activities

During the comparative financial 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 current or previous year.

Notes to Financial Statements for the year ended 30 June 2019

NOTE 25: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Interest Rate Risk

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

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

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate	Total Interest Bearing	Non Interest Bearing	Total
	%	$	$	$	$	$
2019						
Financial Assets						
Cash	0.20	2,087,955	-	2,087,955	284,244	2,372,199
Term Deposit	2.37	-	31,411,317	31,411,317	-	31,411,317
Receivables	-	-	-	-	214,509	214,509
Other financial assets	2.33	-	219,310	219,310	-	219,310
		2,087,955	31,630,627	33,718,582	498,753	34,217,335
Financial Liabilities						
Trade creditors	-	-	-	-	478,031	478,031
Lease Liability			971,096	-	-	971,096
	-	-	971,096	-	478,031	1,449,127
2018						
Financial Assets						
Cash	0.50	1,318,480	-	1,318,480	255,876	1,574,356
Term Deposit	2.12	-	32,556,044	32,556,044	-	32,556,044
Funds for shares not issued	-	-	-	-	18,194,634	18,194,634
Receivables	-	-	-	-	299,356	299,356
Other financial assets	2.40	-	40,000	40,000	-	40,000
		1,318,480	32,596,044	33,914,524	18,749,866	52,664,390
Financial Liabilities						
Trade creditors	-	-	-	-	673,684	673,684
	-	-	-	-	673,684	673,684

NOTE 25: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest Rate Risk Sensitivity

	-10%		10%	
	Profit	Equity	Profit	Equity
	$	$	$	$
2019				
Cash	(292)	(292)	292	292
Term Deposit	(52,122)	(52,122)	52,122	52,122
Other financial assets	(358)	(358)	358	358
2018				
Cash	(478)	(478)	478	478
Term Deposit	(50,048)	(50,048)	50,048	50,048

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 2019 from around 2.37% to 2.13% (2018: 2.12% to 1.91%) representing a 24 (2018: 21) basis points downwards shift, which is 23.7 (2018: 15.4) basis points net of tax.
- -10% sensitivity would move cash interest rates at 30 June 2019 from around 0.20% to 0.16% (2018: 0.50% to 0.45%) representing a 2 (2018: 5) basis points downwards shift, which is 1.4 (2018: 3.63) basis points net of tax.
- -10% sensitivity would move other financial asset interest rates at 30 June 2019 from around 2.33% to 2.10% representing a 23.3 basis points downwards shift, which is 16.9 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 26: SUBSEQUENT EVENTS

No significant events have arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial year.

Notes to Financial Statements for the year ended 30 June 2019

NOTE 27: PARENT ENTITY

	Parent	
	2019	2018
	$	$
Assets		
Current assets	34,290,055	52,628,189
Non current assets	22,285,273	3,285,253
Total Assets	56,575,328	55,913,442
Liabilities		
Current liabilities	773,494	608,684
Non current liabilities	784,850	-
Total Liabilities	1,558,344	608,684
Net Assets	55,016,984	55,304,758
Equity		
Issued capital	80,533,512	74,199,814
Reserves	7,851,717	802,426
Accumulated losses	(33,368,245)	(19,697,482)
Total Equity	55,016,984	55,304,758

	Parent	
	2019	2018
	$	$
Loss for the year	(13,670,763)	(4,130,372)
Other comprehensive income	-	-
Total comprehensive loss for the financial year	(13,670,763)	(4,130,372)

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 28: 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
		2019	2018	Date
Parent Entity:				
Tungsten Mining NL	Australia	-	-	13/07/2011
Subsidiaries of Tungsten Mining NL:				
BRL Exploration Pty Ltd[1]	Australia	-	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
North Queensland Tungsten Pty Ltd[2]	Australia	100%	-	09/08/2018
Territory Tungsten Pty Ltd[3]	Australia	100%	-	01/03/2019

1) BRL Exploration Pty Ltd was deregistered on 21 November 2018.

2) North Queensland Tungsten Pty Ltd was acquired on 27 July 2018 per a formal sale agreement with completion of the transaction occurring on 9 August 2018. Refer Note 30.

3) Territory Tungsten Pty Ltd was incorporated on 01 March 2019.

NOTE 29: SHARE-BASED PAYMENTS

	Consolidated	
	2019	2018
	$	$
Vesting expense of options issued to Directors in prior year (Note 19)	52,972	374,099
Loan-funded share scheme values, issued to Directors (Note 19)	6,996,320	-
Options issued to employees, consultants and contractors (Note 19)	-	-
Total share-based payments for the financial year	7,049,292	374,099

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

Notes to Financial Statements for the year ended 30 June 2019

NOTE 30: 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 executive a formal sale agreement to give effect ot the transaction contemplate 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.

	Fair Value
	$
Consideration transferred to Vital for the acquisition and net cash outflows	
Consideration	15,000,000
Less: completion adjustments	(260,295)
Consideration paid in cash after completion adjustments	**14,739,705**
Less: cash acquired	-
Net cash outflow from acquisition	**14,739,705**
NQT assets and liabilities and assumed at the date of acquisition (9 August 2018)	
Assets	
Assets	-
Liabilities	
Trade creditors	(204,814)
Accrued expenses	(31,818)
Rehabilitation provision	(400,000)
Net assets acquired/(liabilities) assumed	**(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: directly-attributable acquisition costs	172,559
Add: fair value of net liabilities assumed	636,632
Excess allocated to exploration and evaluation expenditure (Note 13)	**15,548,896**

Directors' Declaration

In the opinion of the directors of Tungsten Mining NL:

(a) the financial statements and notes set out on pages to 46 to 72 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 2019 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 2019.

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

GARY LYONS

Chairman

Perth

Dated 19 September 2019

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 2019, 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 2019 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 year. 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. We have determined the following matters described overleaf as key audit matters to be communicated in our report.

Key Audit Matters	How the matter was addressed in the audit

1. Carrying Value of Exploration and Evaluation Assets (Notes 2(d), Note 13)

As at 30 June 2019, exploration and evaluation expenditure totalled $19,707,196 (refer to Note 13 of the financial report).

The carrying value of capitalised exploration and evaluation expenditure is a key audit matter due to:

- Significance of the total balance of Exploration assets (34% of Total assets as at 30 June 2019)
- The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and
- The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.

Inter alia, our audit procedures included the following:

i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation;

ii. Ensuring the value of capitalised acquisition costs for assets acquired in the current financial year is free from material misstatements by:

   - review of underlying agreements and invoices for capitalised acquisition expenditures;
   - verifying amounts paid by tracing payments to the bank statements; and
   - auditing of client's journals in relation to the acquired exploration assets.

iii. 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;

iv. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in certain areas of interest and collaborated with interviews with management. The documents we evaluated included:

   - Minutes of the board and management;
   - Announcements made by the Group to the Australian Securities Exchange; and
   - Cash forecasts; and

v. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.

Key Audit Matters	How the matter was addressed in the audit
Share based payments - Loan funded shares (refer to Note 2(q) and note 19) As referred to in Note 19 to the consolidated financial statements, the Company awarded 16,000,000 loan funded shares to its directors. The awards vested immediately. The Group fair-valued the awards using the Black-Scholes model at the grant date. The Group has performed calculations to record the related share based payment expense of $6,996,320 in the consolidated statement of profit or loss and other comprehensive income and increased its share based payment reserve respectively. Due to the significance of the expense (54% of the Net loss for the year), and complex nature of the transaction and estimates used in determining the valuation of the share based payments, we consider the Group's calculation of the share based payment expense to be a key audit matter. In determining the fair value of the awards and related expense, the Group used assumptions in respect of future market and economic conditions.	Inter alia, our audit procedures included the following: i. Verifying the inputs and examining the assumptions used in the Group's valuation of loan funded shares, being the share price of the underlying equity, time to maturity (expected life), grant date and volatility; ii. Assessing the fair value of the loan-funded shares through re-performance using appropriate inputs and ensuring correct application of Black-Scholes model; and iii. Assessing the accuracy of the share based payments expense and the adequacy of disclosures made by the Group in the financial report.

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 2019, 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.

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.

Stantons International

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 39 to 43 of the directors' report for the year ended 30 June 2019. 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 2019 complies with section 300A of the Corporations Act 2001.

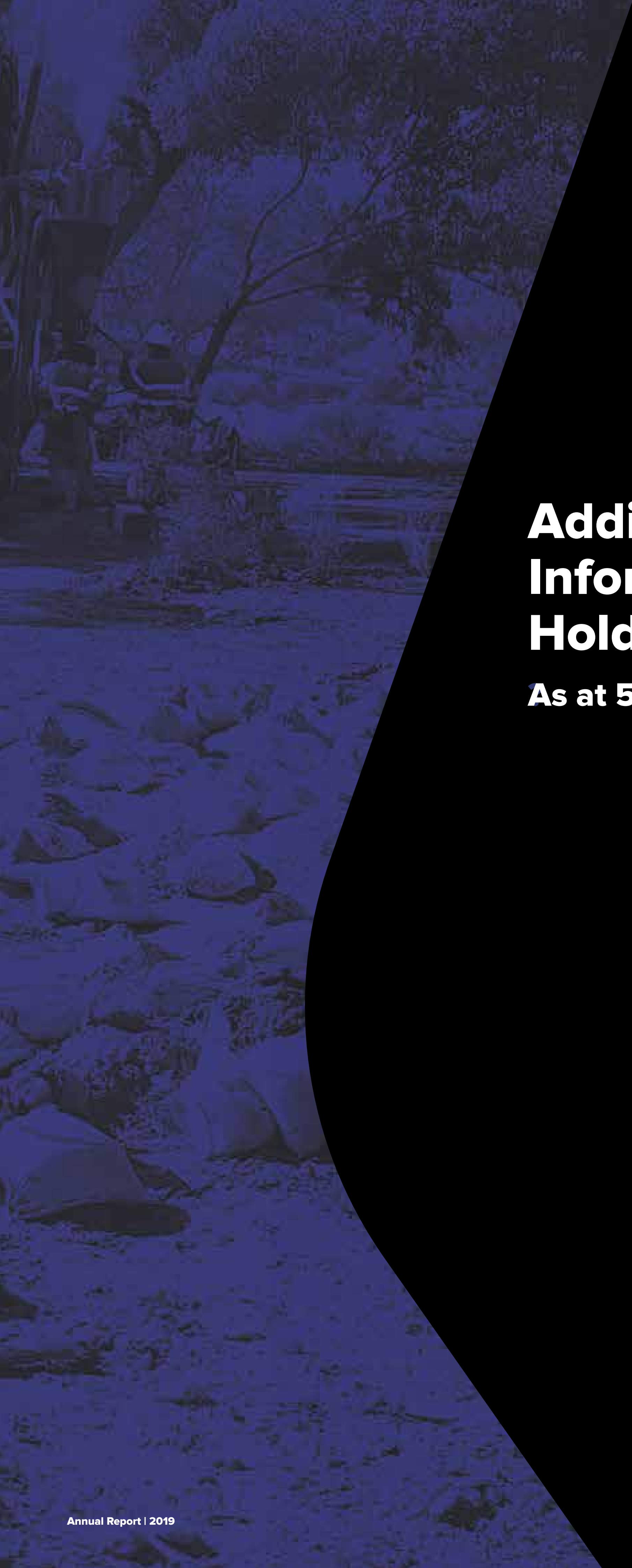
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
19 September 2019



Additional ASX Information Security Holder Information

As at 5 September 2019

Additional ASX Information Security Holder Information As at 5 September 2019

DISTRIBUTION SCHEDULE AND NUMBER OF HOLDERS OF EQUITY SECURITIES

Spread of Holdings	1-1,000	1,001-5,000	5,001-10,000	10,001-100,000	100,001-and over	Total	Number on issue
Listed ordinary shares	38	65	117	153	106	479	728,892,655
Unquoted securities on issue							
Entitlement offer options	2	11	6	4	20	43	42,216,667
Director options	-	-	-	-	4	4	16,000,000
Placement options	-	5	4	71	48	128	27,647,059

There were 74 shareholders holding less than a marketable parcel of listed ordinary shares.

TOP TWENTY HOLDERS OF QUOTED EQUITY SECURITIES

	Shareholder	No. Shares	Percentage
1	HSBC CUSTODY NOM AUST LTD	218,212,661	29.94%
2	CITICORP NOM PL	213,704,977	29.32%
3	GWR GRP LTD	70,000,000	9.60%
4	BNP PARIBAS NOMS PL	39,490,469	5.42%
5	MONEX BOOM SEC HK LTD	20,215,479	2.77%
6	TA SEC HLDGS BERHAD	14,633,047	2.01%
7	RHB SEC SINGAPORE PTE LTD	13,713,688	1.88%
8	HSBC CUSTODY NOM AUST LTD	12,790,599	1.75%
9	J P MORGAN NOM AUST PL	12,177,542	1.67%
10	REYNAUD INTNL LTD	11,006,100	1.51%
11	LEE SZE MIN	10,120,000	1.39%
12	LAW TAN SRI DATO TIEN S	6,000,000	0.82%
13	BNP PARIBAS NOMS PL	5,092,593	0.70%
14	WYNNES INV HLDG LTD	5,000,000	0.69%
15	SAW GOEK PENG	4,411,765	0.61%
16	LYONS GARY	4,000,000	0.55%
17	HONWAI PL	3,630,185	0.50%
18	MISSION RES PL	3,500,000	0.48%
19	INDIGO ARC PL	2,966,667	0.41%
20	WONG MOK SAN	2,500,000	0.34%
		673,165,772	**92.36%**

SUBSTANTIAL SHAREHOLDERS

Shareholder	No. 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	42,216,667	42,216,667
Director options	0.03 – 0.05	23 Dec 2020	16,000,000	16,000,000
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 19 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.

TUNGSTEN MINING NL
ABN 67 152 084 403

Level 4, 46 Colin Street, West Perth WA 6005 Australia
PO Box 517, West Perth WA 6872 Australia

T +61 8 9486 8492
F +61 8 6117 4039

info@tungstenmining.com
tungstenmining.com