



TUNGSTEN MINING NL

A.C.N. 152 084 403

Annual Report

For the year ended
30 June 2014

TUNGSTEN MINING NL
A.C.N. 152 084 403
Contents to Financial Report

Corporate directory	3
Chairman's letter	4
Directors' report	5
Auditor's independence declaration	30
Corporate governance statement	31
Consolidated statement of profit or loss and other comprehensive income	41
Consolidated statement of financial position	42
Consolidated statement of changes in equity	43
Consolidated statement of cash flows	44
Consolidated notes to the financial statements	45
Directors' declaration	65
Independent auditor's report	66
Additional ASX Information	68
Tenements register	70

TUNGSTEN MINING NL

A.C.N. 152 084 403

Corporate directory

Directors

Patrick Bernard McManus

Paul John Berndt

Chew Wai Chuen (appointed 17 April 2014)

David Grant Sanders (appointed 2 April 2014)

Kong Leng (Jimmy) Lee (appointed 2 April 2014)

Gary Lyons (appointed 16 July 2014)

Francis Loh (resigned 17 April 2014)

Company Secretary

Elizabeth Victoria Hunt (appointed 17 April 2014)

Amanda Wilton-Heald (appointed 13 August 2013 and resigned 17 April 2014)

Farlee Walker (resigned 13 August 2013)

Belinda Ting (resigned 5 September 2014)

Auditor

Somes Cooke Chartered Accountants

Level 2 35 Outram St

West Perth WA 6005

Share Registry

Security Transfer Registrars

770 Canning Highway

Applecross WA 6153 AUSTRALIA

Telephone +61 0 9315 2333

Facsimile +61 8 9315 2233

Principal & Registered Office

97 Outram Street

West Perth WA 6005 AUSTRALIA

Telephone +61 8 9486 8492

Facsimile +61 8 9322 2370

Solicitors

Bennett + Co

Ground Floor, BGC Centre

28 The Esplanade

Perth WA 6000 AUSTRALIA

Telephone +61 8 6316 2200

Bankers

National Australia Bank

Ground Floor

100 St Georges Terrace

Perth WA 6000 AUSTRALIA

Telephone +61 8 9441 9313

TUNGSTEN MINING NL

A.C.N. 152 084 403

Chairman's Letter

Fellow Shareholders,

I am pleased to be able to report to you that Tungsten Mining NL has progressed work on our flagship Kilba project in the Gascoyne region of Western Australia.

A JORC compliant resource (refer to Resource Statement on page 12) was reported in May 2013, and further analysis has indicated that the mineralisation is coarse-grained and should respond well to Dense Media Separation. This will give a significant improvement to process economics. Further work will be required to quantify the benefits, and this is planned as one of the next steps in the feasibility study work.

We have raised \$5.24M during the year, \$0.6M in December 2013 via a placement, \$0.40M in March, via a placement and \$4.24M in April 2014 via an underwritten rights issue. As a consequence of the rights issue we have welcomed new shareholders onto the register, including GWR Group Limited, Lavington International Limited and Wynnes Investment Holding Ltd, who are now substantial shareholders, with, respectively, 16.5%, 9.43% and 7.1% shareholding in your company.

The rights issue has allowed the company to resume its work on the feasibility study. Drilling recommenced at Kilba on 10 August 2014, targeted to increase the confidence level of the resource estimate.

The Board has been strengthened by the addition of Mr David Sanders, Mr Jimmy Lee and Mr Chew Wai Chuen as Non-executive directors. Mr Gary Lyons, representing GWR Group, joined the board post year-end. Mr Francis Loh resigned during the year and the company recognises the substantial contribution Mr Loh made during his tenure.

Our Managing Director, Mr Paul Berndt, resigned during the year to pursue another opportunity. Paul has driven the development of the Kilba project since joining our company, prior to our IPO. His technical knowledge of the industry and tungsten mining will not be lost to the company as he will continue to serve us as a non-executive director. GWR Group is providing executive and managerial support as an interim measure, whilst we progress the feasibility study.

The model for the company is to reward our shareholders by adding to the value of their TGN portfolio, by developing viable mining projects from the tungsten assets we obtained through listing, and from actively seeking out other exceptional tungsten assets for acquisition. This has continued and we have evaluated a number of tungsten mining projects, as potential investments, where value could be added to the benefit of our shareholders. To date, no projects have met our investment criteria; consequently we will continue to focus on our Kilba project.

The last year has been a very difficult one for smaller exploration companies and our company has experienced a significant fall in share price. This is disappointing, but a situation shared with most of our peers. We are grateful for the support of our shareholders and believe that the company is now set up to demonstrate the substantial value in our Kilba project. On behalf of the directors I thank you for your continued support.



Patrick McManus
Chairman

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report

The directors of Tungsten Mining NL ("Tungsten Mining" or "the Company") present their consolidated financial report, comprising the Company and the entities it controls ("the Group"), for the year ended 30 June 2014.

Directors

The name 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.

Patrick McManus was appointed as Non-executive Chairman on 13 July 2011.

Paul Berndt was appointed as Managing Director on 5 June 2012 and moved to non-executive director on 1 August 2014.

Francis Loh was appointed as Non-executive Director on 13 July 2012 and resigned on 17 April 2014.

David Grant Sanders was appointed as Non-executive Director on 2 April 2014.

Kong Leng (Jimmy) Lee was appointed as Non-executive Director on 2 April 2014.

Chew Wai Chuen was appointed as Non-executive Director on 17 July 2014.

Gary Lyons was appointed as Non-executive Director on 16 July 2014.

Names, qualifications, experience and special responsibilities

Patrick McManus Non-executive Chairman

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

Patrick McManus holds 10,000 direct ordinary shares, 660,000 indirect ordinary shares and 5,250,000 options in the Company.

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

Paul Berndt Managing Director (moved to Non-executive director 1 August 2014)

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

Paul Berndt holds 4,116,765 ordinary shares and nil options in the Company.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

Francis Loh Non-executive Director (resigned 17 April 2014)

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

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

David Grant Sanders Non-executive Director (appointed 2 April 2014)

Mr Sanders has extensive experience in corporate and resources law. He holds bachelor degrees in law and commerce from the University of Western Australia and a Graduate Diploma of Applied Finance and Investments from the Securities Institute of Australia. He advises numerous ASX listed companies and private companies on capital raising, mergers and acquisitions, Corporations Act and ASX Listing Rules compliance and corporate governance. He is a Non-Executive Director of Marenica Energy Ltd and Quickflix Ltd and Chairman of Murlpirmarra Connection Ltd. David Sanders holds nil ordinary shares and nil options in the Company.

Mr Sanders is a member of the audit committee.

Kong Leng (Jimmy) Lee Non-executive Director (appointed 2 April 2014)

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 holds nil ordinary shares and nil options in the Company.

Mr Lee is a member of the remuneration committee.

Chew Wai Chuen Non-executive Director (appointed 17 April 2014)

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 market 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.

Chew Wai Chuen holds 416,667 ordinary shares and nil options in the Company.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)**Company Secretary****Elizabeth Hunt (appointed 17 April 2014)**

Elizabeth has over fifteen years' corporate and accounting experience with a particular interest in governance. Elizabeth's knowledge includes IPO management, governance & risk, company secretarial matters, ASX listing requirements, ASIC and other statutory reporting requirements, and financial accounting and reporting.

Elizabeth holds a BSc degree in Sustainable Development (Murdoch University) and has completed a Master of Accounting (Curtin University), the Governance Institute of Australia Certificate in Governance and Risk Management, and is a Graduate of the Australian Institute of Company Directors.

Amanda Wilton-Heald (appointed 13 August 2013 and resigned 17 April 2014)

Mrs Wilton-Heald is a Chartered Accountant with over 14 years experience in Australia and the UK.

Belinda Ting (resigned 5 September 2014)

Ms Ting is a Chartered Accountant, experienced in taxation and financial management. She has worked for a range of private and public listed companies.

Farlee Walker (resigned 13 August 2013)

Ms Walker is an experienced accountant with a Chartered Accountant and Chartered Secretary qualification.

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 2014, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
Patrick McManus	5	5	2	2	1	1
Paul Berndt	5	5	NA	NA	NA	NA
Francis Loh (resigned)	4	4	2	2	1	1
David Grant Sanders	2	2	NA	NA	NA	NA
Kong Leng (Jimmy) Lee	2	2	NA	NA	NA	NA
Chew Wai Chuen	1	1	NA	NA	NA	NA

Shares under option

Unissued ordinary shares of Tungsten Mining NL under option as at the date of the Directors' Report are as follows:

Grant date	Expiry Date	Exercise Price	Number under option
11 July 2012	30 June 2016	\$0.40	15,000,000
27 November 2013	4 December 2015	\$0.25	1,800,000

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

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 financial year.

Principal activities

The principal activity of the Group during the financial year was the exploration for tungsten.

.

Operating results for the year

The loss after income tax benefit for the year ended 30 June 2014 was \$2,855,529 (2013: \$4,852,457)

The financial position of the Company is presented in the attached Statement of Financial Position.

REVIEW OF OPERATIONS

Kilba Project

1. Introduction

No field work was completed on the Kilba project during the financial year and work focused on target generation. During the June quarter of 2014 the Company successfully raised \$4.64 million in new capital permitting the completion of planning for the next phase of drilling aimed at upgrading the confidence level of the Kilba Mineral Resource to an Indicated or better status. Reverse circulation drilling commenced in early August 2014 and will initially focus on high-grade shoots at Zone 8 and Zone 11.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

This initial phase of drilling will be followed by completion of a 40 metre spaced drill pattern over the entire Kilba Mineral Resource. Diamond drilling is also planned to collect additional material for detailed metallurgical testwork, gathering geotechnical data and to assist in geological interpretation. This work will support formal feasibility studies for the proposed development of the Kilba project with study work currently planned to commence in the December quarter.

Detailed geological mapping, night UV lamping and rockchip sampling of the prospective carbonate horizon that host tungsten mineralisation at Kilba is also planned for the September quarter.

2. Location

Kilba project is located within the Gascoyne Region of Western Australia, 320 km northeast of the regional centre of Carnarvon, and 250km southwest of the town of Karratha. The principal access to the project area is provided by the Northwest Coastal Highway, a sealed dual-lane carriageway with direct links to ports at Dampier, Geraldton and Fremantle. Access into Kilba is gained via the Uaroo-Glen Florrie Road, which leaves the Northwest Coastal Highway approximately 20km south of Nanutarra Roadhouse. The prospect can then be accessed by good quality station tracks to Damper Well thence by refurbished exploration tracks to the area of interest (Figure 1).

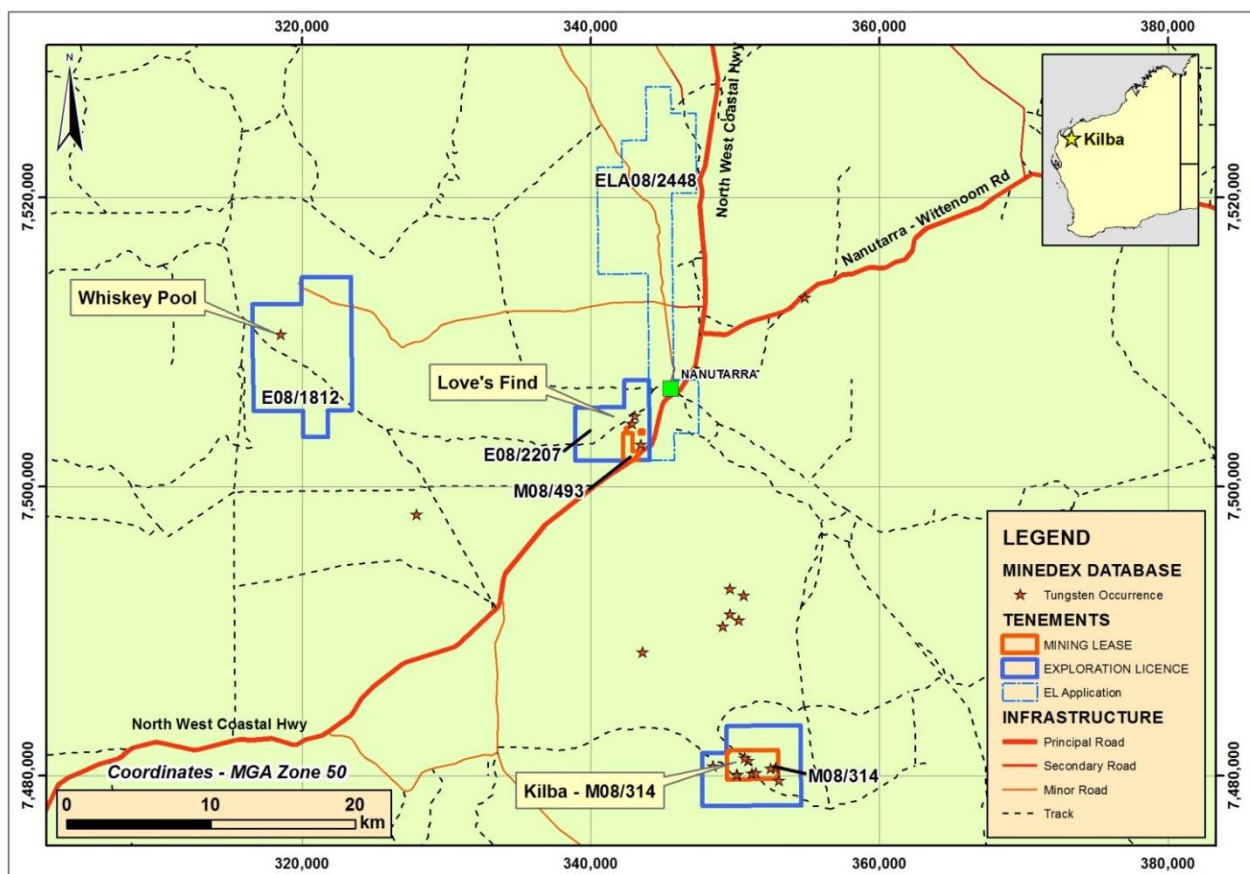


Figure 1: Location of Mining Licence ML 08/0314

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

3. Environmental

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

A Level 1 Terrestrial Vertebrate Fauna assessment of the Kilba Well prospect was carried out by BIOSTAT Pty Ltd in September, 2012. The objectives of the Level 1 assessment were to collate an inventory of the vertebrate fauna species recorded during the site visit and likely species based on habitat preferences and geographical distribution. The study also undertook an assessment of the potential for rare, threatened or vulnerable species that may occur and recommendations for vertebrate fauna management and/or further work to undertake impact assessment.

4. Exploration Drilling

The Company commenced drilling at the Kilba project in November 2012 to confirm the presence of high-grade tungsten mineralisation. During the 2013 financial year the Company completed 24 diamond holes and 42 reverse circulation (RC) holes targeting tungsten mineralisation over 1200 metres strike at Zone 11 situated on the 100% owned and granted Mining Lease 08/314 (Figure 2).

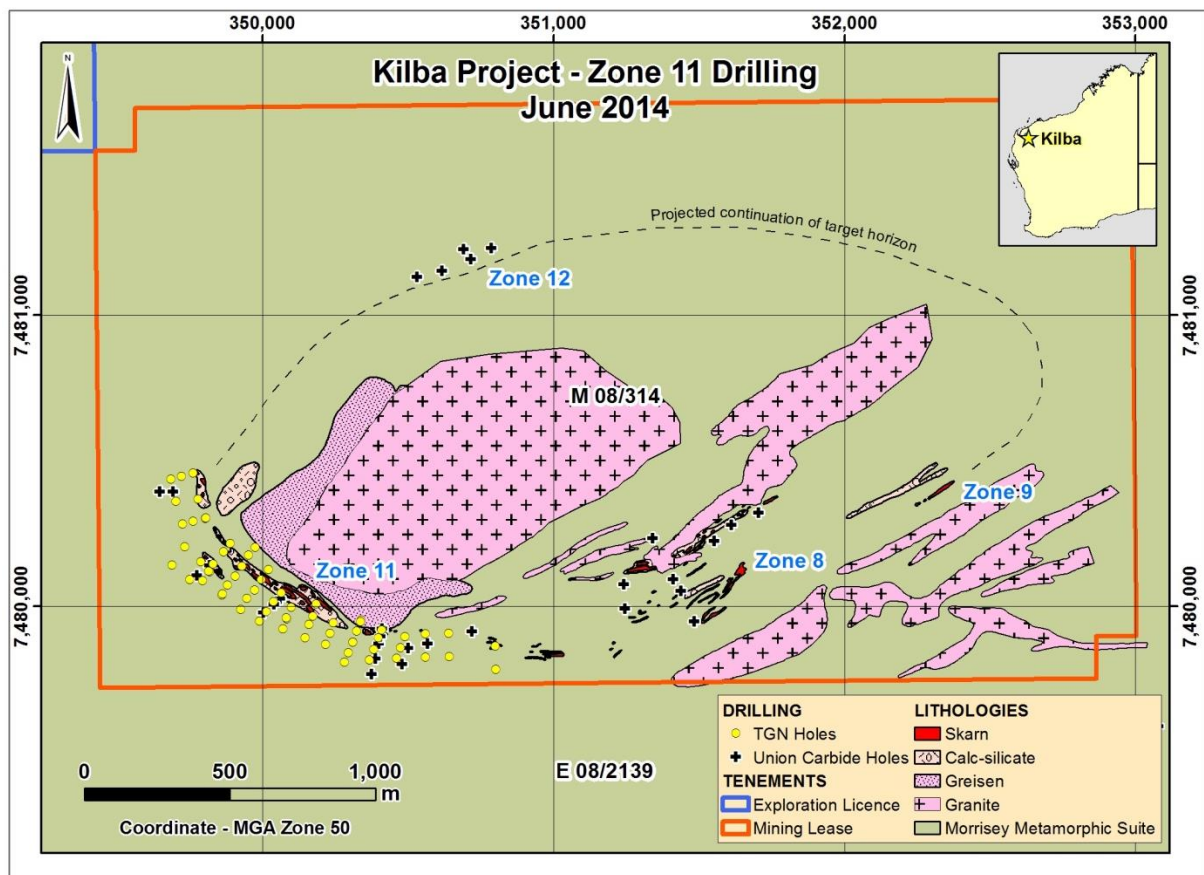


Figure 2 – plan displaying location of recent drilling at Zone 11 and historic Union Carbide holes.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Drilling has completed an 80 metre by 40 metre spaced drill pattern over the main 900 metres of outcropping mineralisation at Zone 11. Broader spaced drilling has also tested strike extensions on 80 to 160 metre spaced sections, for a further 300 metres.

Results from this drilling confirmed the high-grade nature of coarse grained scheelite mineralisation present at Zone 11. Better results from drilling are displayed in Table 1 and 2 below.

Table 1: Better diamond drilling intersections.

Kilba Project, Zone 11 Prospect, Diamond Drilling– (>0.10 % WO₃ cutoff)									
Hole No	Easting (m)	Northing (m)	RL	Dip/ Azim	Depth (m)	From (m)	To (m)	Interval (m)	WO₃%
KDD0002	350,383	7,479,853	132.6	-60/020	106.7	82.8	90.2	7.4	1.06
KDD0003	351,439	7,480,053	133.1	-60/020	78.03	42.5	57	14.5	0.80
KDD0006	349,842	7,480,149	140.0	-60/035	133.0	54.00	58.05	4.05	2.41
KDD0006						61.41	64.43	3.02	0.48
KDD0016	350,410	7,479,915	133.5	-90	65.8	23.50	26.93	3.43	0.58
KDD0016						36.55	43.75	7.20	0.38
KDD0019	349,907	7,480,103	136.4	-60/035	117.5	96.00	101.60	5.60	0.54
KDD0020	349,861	7,480,037	140.1	-60/035	165.5	134.00	137.80	3.80	0.89
KDD0020						143.10	145.20	2.10	1.22
KDD0022	349,821	7,480,114	140.0	-60/035	134.2	48.80	59.00	10.20	0.86
KDD0023	350,308	7,479,875	133.0	-60/020	102.0	76.50	85.20	8.70	0.41
KDD0023						90.70	93.40	2.70	1.00
KDD0025	350,475	7,479,858	133.1	-60/020	147.6	76.28	82.93	6.65	0.46
Half HQ core samples were analysed by XRF determination at Ultra Trace Laboratory, Perth. Weighted average intersections calculated using a 0.10% WO ₃ lower cut-off, no upper cut and up to 3.0m of internal waste. True thickness of mineralization is 75 – 100% of drill intersect. Grid coordinates are MGA Zone 50. KDD0016 was a PQ metallurgical hole where the whole core was crushed and split to produce a 2 – 3 kilogram sample for analysis by XRF.									

Table 2: Better Reverse circulation drilling intersections.

Kilba Project, Zone 11 Prospect, Reverse Circulation Drilling– (>0.10 % WO₃ cutoff)									
Hole No	Easting (m)	Northing (m)	RL	Dip/ Azim	Depth (m)	From (m)	To (m)	Interval (m)	WO₃%
KRC0003	350,311	7,479,876	133	-60/020	110	80	87	7	0.71
KRC0006	350,086	7,479,958	136	-60/020	108	45	57	12	0.38
KRC0009	349,996	7,480,090	142	-60/035	84	59	62	3	0.98
KRC0014	349,819	7,480,116	140	-60/035	144	51	58	7	0.23
KRC0014						85	87	2	0.61
KRC0040	349,762	7,480,291	133.3	-60/075	90	34	39	5	0.32
KRC0042	349,779	7,480,368	133.5	-60/075	78	19	25	6	0.30
Riffle split 1m samples were analysed by XRF determination at Ultra Trace Laboratory, Perth. Intersections calculated using a 0.10% WO ₃ lower cut-off, no upper cut and up to 3.0m of internal waste. True thickness of mineralization is 75 – 100% of drill intersect. Grid coordinates are MGA Zone 50.									

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

5. Mineral Resource

On 28 May 2013, the Company announced a Maiden JORC-2012 compliant Resource estimate for Zones 8 and 11 on the Kilba project (Figure 3). 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.

The Indicated and Inferred Mineral Resource estimate for Zones 8 and 11 is located on the Company's 100% owned Mining Lease 08/314 and detailed in Table 3 below.

Table 3: Kilba Mineral resource estimate based on a 0.10% WO₃ cut-off grade.

Zone	Category	Tonnes '000 t	WO ₃ %	WO ₃ t
8	Inferred	230	0.56	1,300
	Total	230	0.56	1,300
11	Indicated	1,300	0.30	4,000
	Inferred	3,500	0.24	8,500
	Total	4,800	0.26	13,000
Total	Indicated	1,300	0.30	4,000
	Inferred	3,700	0.26	9,800
	Total	5,000	0.27	14,000

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

The Mineral Resource estimate has been completed in accordance with the guidelines of the Joint Ore Reserve Committee (JORC) Code – 2012 Edition. CSA Global Pty Ltd ("CSA Global") was engaged to audit data integrity and conduct the resource model as detailed in the ASX release dated the 28 May 2013 - Maiden JORC Resource at Kilba project.

A range of lower cut-offs have been used to report grades and tonnages, as shown in Figure 4. This demonstrates that within the overall resource there are significant high-grade zones of tungsten mineralisation.

At Zone 11 tungsten mineralisation dips at 30 to 70 degrees toward the south to southwest and is associated with skarns and calc-silicate units. Typically high-grade mineralisation is associated with retrograde skarn units which are often surrounded by low to medium grade disseminated scheelite mineralisation in calc-silicate and sedimentary units.

Toward the east of Zone 11 tungsten mineralisation tends to occur in a single high-grade zone, as shown in Figure 5. In the central and western domains mineralisation is associated with multiple shallow dipping low to medium-grade units, as shown by Figure 6.

Union Carbide drilled diamond holes targeting high-grade tungsten mineralisation associated with skarns at Zone 8. Mineralisation dips steeply towards the north-northwest, as shown in Figure 7. A number of these holes have been used to estimate an Inferred Mineral Resource of 230,000 tonnes at 0.56% WO₃ at Zone 8.

Surface mapping has identified numerous skarn units at Zone 8 that have not been adequately drill tested and future exploration will focus on evaluating these targets and targets at Zone 12 to the north.

TUNGSTEN MINING NL
A.C.N. 152 084 403

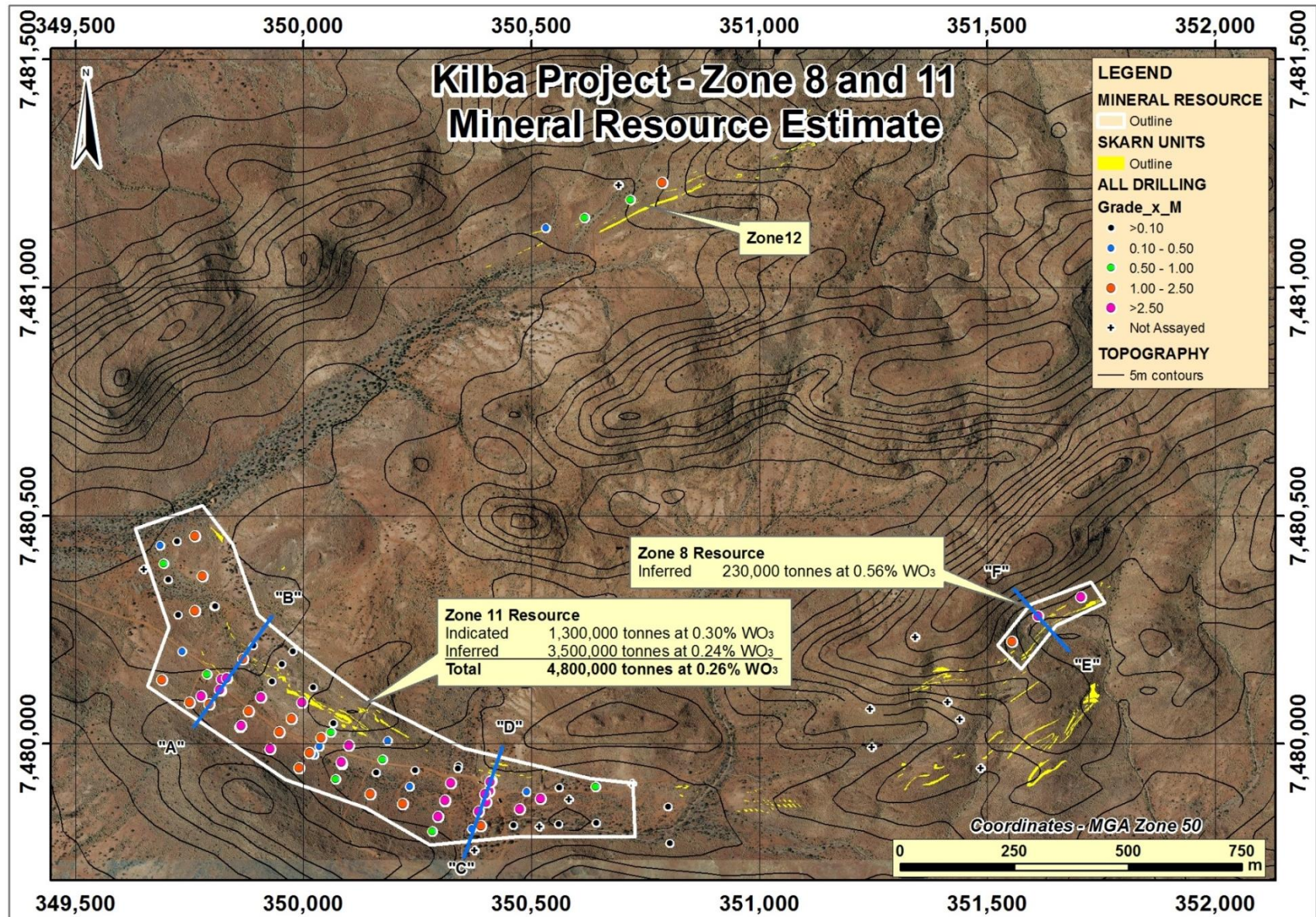


Figure 3 – plan showing location of Mineral Resource outlines, TGN drilling, skarn outcrops and historic Union Carbide drill holes. The cross section “A – B”. “C – D” and “E – F” shown in blue are displayed in Figure 5. 6 and 7 below.

TUNGSTEN MINING NL
A.C.N. 152 084 403
Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

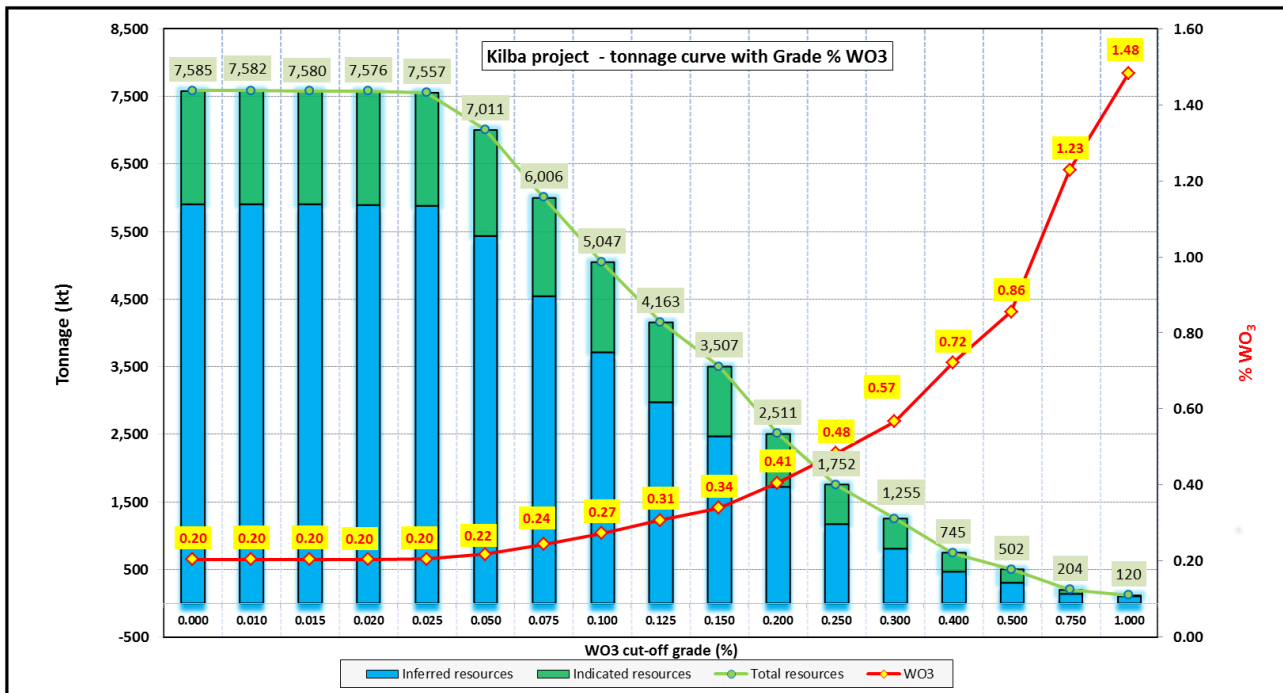


Figure 4 – Grade tonnage curve for Kilba Mineral Resource showing Indicated and Inferred tonnes and grade.

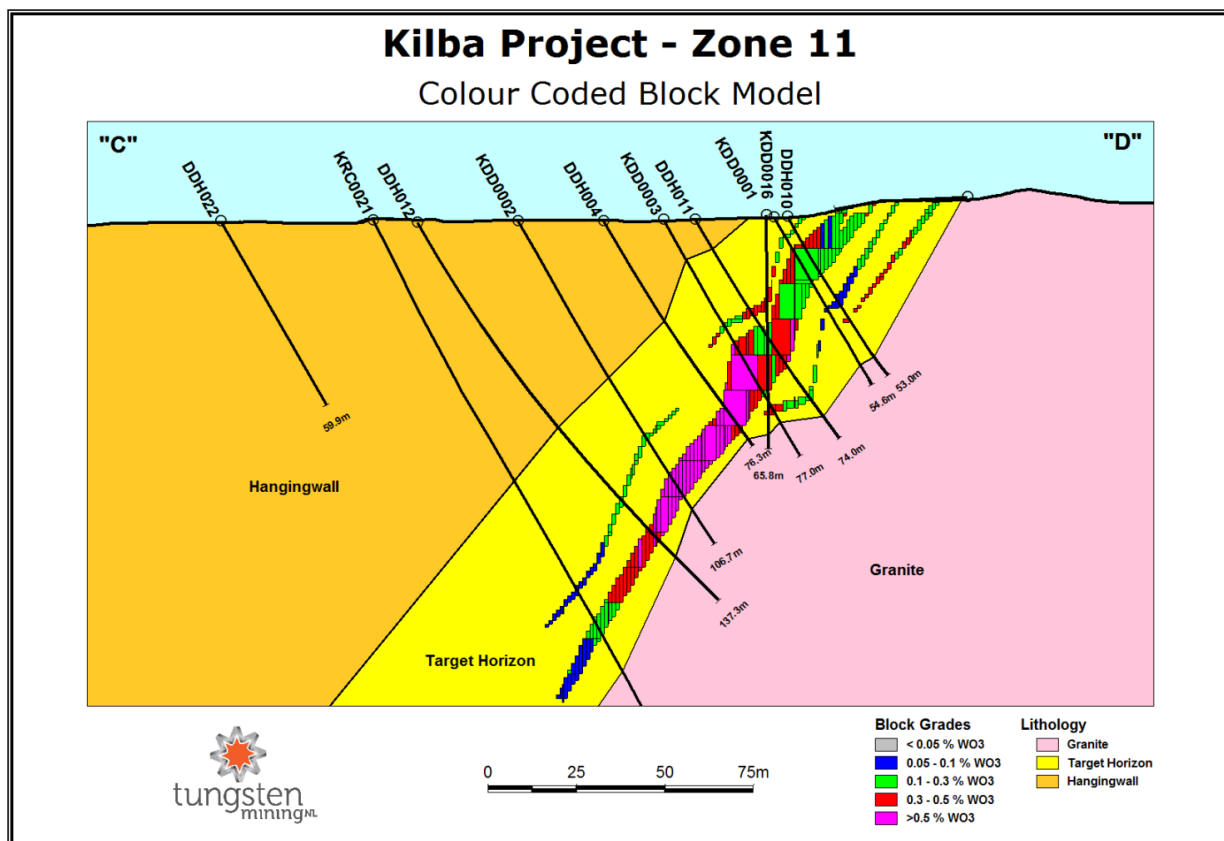


Figure 5 – cross section showing block model and drilling for Zone 11 at the Eastern domain.

REVIEW OF OPERATIONS (continued)

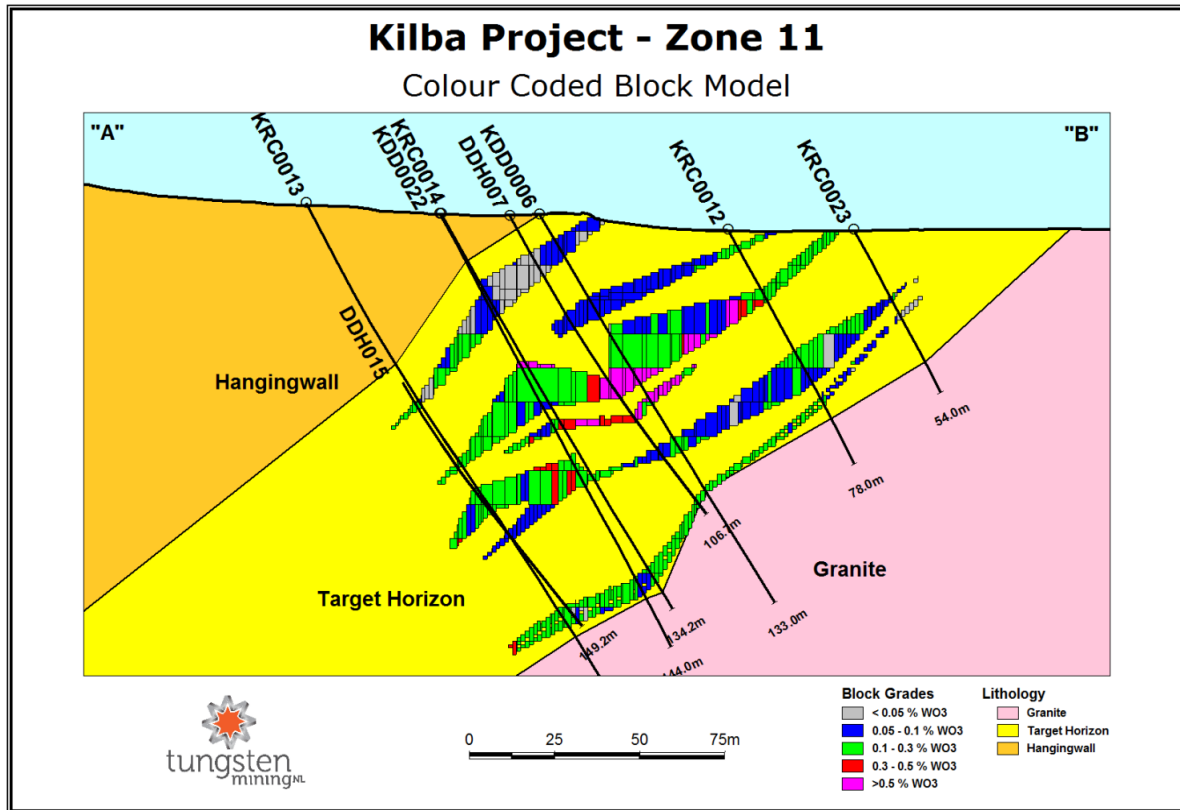


Figure 6 – cross section showing block model and drilling for Zone 11 at the Western domain.

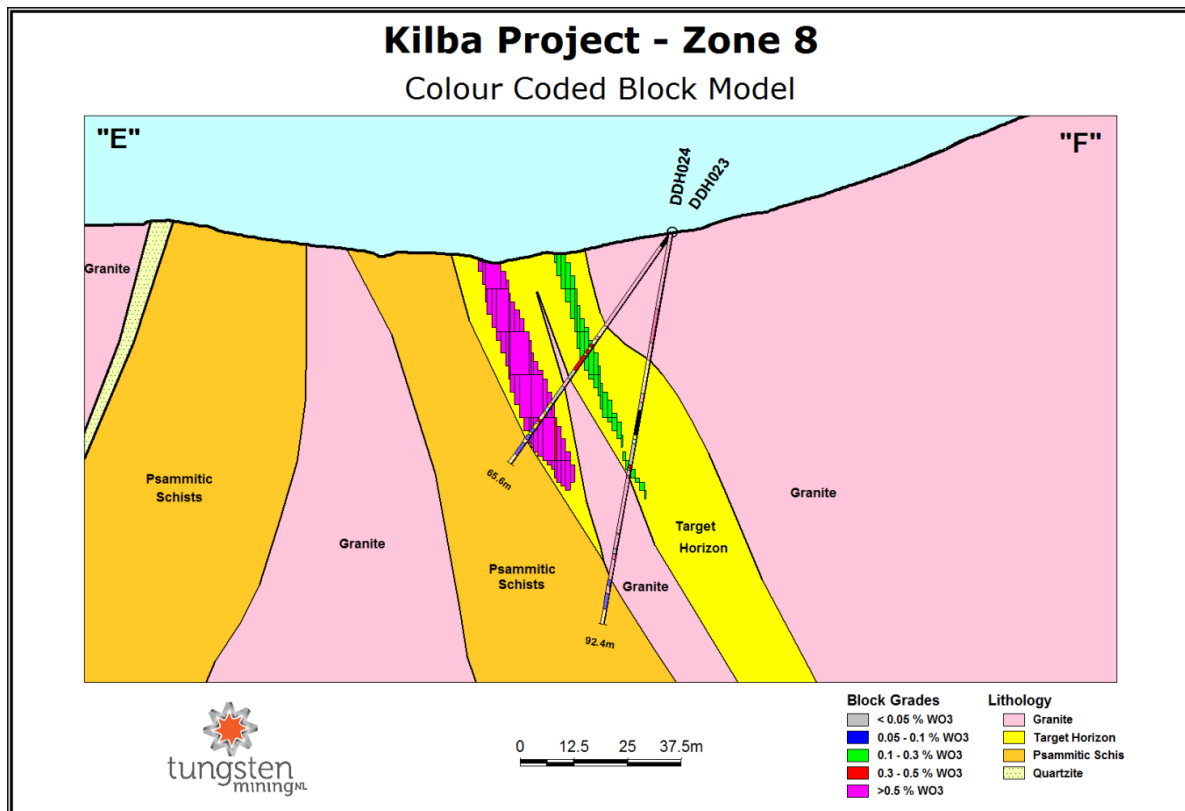


Figure 7 – cross section showing block model and drilling for Zone 8.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

6. Scoping Study

The Company completed a Scoping Study based on a Maiden JORC-2012 compliant Resource estimate released in May, 2013 described above. 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.

The prime Study objective was to develop a likely project scenario and establish whether it would be in the interests of the Company to pursue such a project.

In compiling the Scoping Study, Tungsten Mining prepared:

- Preliminary pit optimisation and Strategic Planning Envelope;
- Broad-level mining and production schedules;
- Metallurgical process flowsheet;
- Major process equipment selection;
- Assessment of infrastructural requirements, including access, power, water, communications, offices, workshops, shift rosters, transportation, product consignment and accommodation;
- Capital expenditure estimates;
- Operating cost estimates; and
- Operating Plan.

The Scoping Study results reported in announcements to ASX on 12 and 19 June 2013 presented a robust case for progressing the Kilba project. The Scoping Study was subsequently updated for inclusion of a Dense Medium Scalping Circuit, which further enhanced the case for development (refer ASX announcements dated 24 and 30 October 2013).

7. Forward Work Program

As outlined in section 1 above, the forward work program includes an initial phase of drilling aimed at upgrading the confidence level of the Kilba Mineral Resource to an Indicated or better status with this work having commenced in early August 2014.

A second phase of drilling is proposed to complete a 40 metre spaced drill pattern over the entire Kilba Mineral Resource. Diamond drilling is also planned to collect additional material for detailed metallurgical testwork, gathering geotechnical data and to assist in geological interpretation.

This work will support formal feasibility studies, including metallurgical testwork and engineering studies to define the process route for beneficiation of the ore, resolving infrastructure requirements and addressing permitting and marketing aspects of the Kilba project.

TUNGSTEN MINING NL
A.C.N. 152 084 403
Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

8.0 Other Projects

8.1 Gascoyne projects

Loves Find Project

The Loves Find project is located 4 kilometres southeast of Nanutarra and 25 kilometres north of the Kilba project in the Gascoyne Region of Western Australia (Figure 1). A number of tungsten occurrences are known to exist within the project area and the Company intends to evaluate these targets in the near future.

Company geologists have conducted reconnaissance visits to these targets and found tungsten mineralisation to be associated with carbonate units of the Morrissey Metamorphic suite and considered to be similar to that present at Kilba.

Compilation and evaluation of historical data from exploration carried out at Loves Find in the 1970s and 1980s was completed. In 1981 Amax Iron Ore Corporation (Amax) completed geological mapping and rockchip sampling across skarns located 3 kilometres southwest of the Nanutarra Roadhouse. This work identified significant tungsten mineralisation over 300 metres of strike that assayed up to 2.77% WO₃ in rockchip sampling.

Amax also identified another two zones of tungsten mineralisation along strike and the Company plan to complete geological mapping, night UV lamping and rockchip sampling of these targets in the September Quarter.

Whiskey Pool Project

The Whiskey Pool project is located 25 km east of the Nanutarra Roadhouse in the Gascoyne Region of Western Australia (Figure 1). A tungsten occurrence was discovered and briefly worked by a prospector in the 1980's and 1990's that targeted vein hosted wolframite in the Morrissey Metamorphics suite, south of the Ashburton River.

Site visits by Company geologists confirmed that mineralisation to be associated with wolframite in tourmaline-bearing quartz- (feldspar) veins and potential exists for small high-grade shoots that would complement the Kilba project. Reconnaissance mapping is planned to assess this style of mineralisation.

8.2 Koolyanobbing

The Koolyanobbing project is located 50 kilometres northeast of Southern Cross, Western Australia. The project includes the Lake Seabrook Tungsten prospect where scheelite mineralisation has been traced over a strike length of more than 3 kilometres. The length of the zone of alteration is encouraging and it has the potential to host significant tonnages of mineralisation.

Scheelite-fluorite mineralization was discovered by Barrier Exploration NL (Barrier) in the 1970's in chloritic schist and amphibolite close to the northwest trending regional Koolyanobbing shear zone (Figure 8). The scheelite occurs in quartz-epidote veins parallel to the foliation of the host rock. Barrier identified several parallel zones of mineralisation with scheelite content up to 5.55% WO₃.

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

The Company conducted reconnaissance trips to evaluate historic exploration and tungsten mineralisation. Rockchip sampling and UV lamping of trenches confirmed the presence of two mineralised structures that host high-grade quartz-scheelite veins that warrant further investigation.

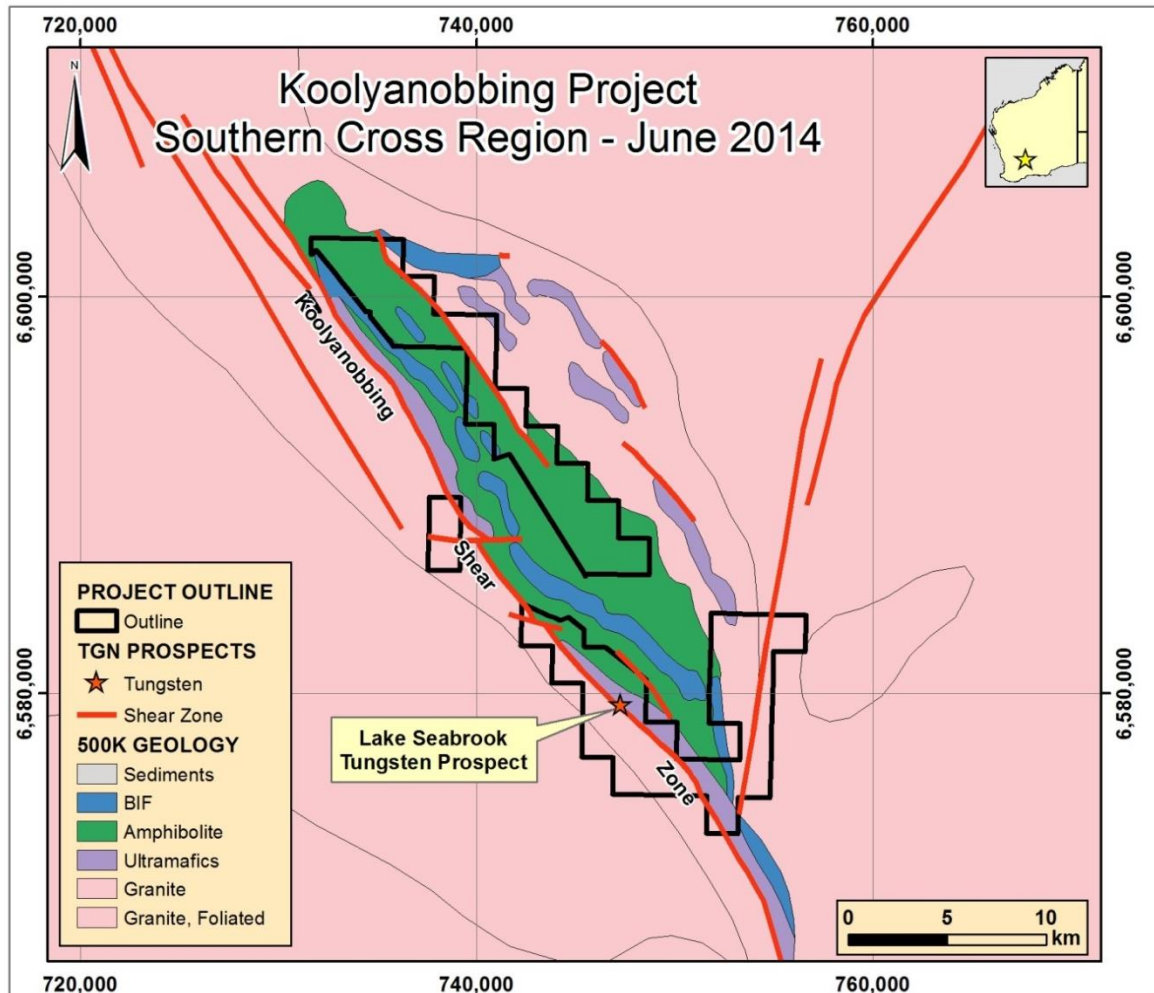


Figure 8: Geology plan of Koolyanobbing project showing location of Lake Seabrook tungsten prospect adjacent to the Koolyanobbing shear zone

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

REVIEW OF OPERATIONS (continued)

Other Project Opportunities

The Company evaluated a number of tungsten projects during the quarter. None passed our criteria for cost and risk/return. We will continue to monitor opportunities.

Competent Person's Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on, and fairly represents, information and supporting documentation prepared 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.

Directors' Report (continued)

Remuneration Report (Audited)

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

KMP's Remuneration Policy

- (a) The policy of the Group is to pay remuneration of KMP in line with employment market conditions relevant in the mining industry. Minor amounts of employee fringe benefits in the form of employee meals and entertainment are provided as part of the executives' way of conducting business.
- (b) The Groups performance, and hence that of its KMP, is measured in terms of a combination of Group share price growth, cash raised, exploration carried out and farm in expenditure attracted.

Relationship between Remuneration Policy and Company Performances

Objective

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

- reward executives for Company, 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 Company, under which they receive a contract rate based upon the number of hours of service supplied to the Company. 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 Company, having regard to the current state of its development.
- Directors are encouraged by the Board to hold shares in the Company (purchased on market and in accordance with the Company's approved policies to ensure there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. The Directors of the Company may also participate in the share and option plans as described in this report.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

Details of Remuneration

KMP's remuneration for the year ended 30 June 2014:

	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS		SHARE BASED		OTHER BENEFITS	TOTAL
	Salary, Fees & Superannuation	Other services	Non-Monetary	Superannuation	Retirement Benefits	Shares	Options		\$
	Paul Berndt - Managing Director								
2014	263,158	-	-	24,342	-	175,000	-	-	462,500
2013	211,133	-	-	19,002	-	-	-	-	230,135
	Patrick McManus - Non Executive Chairman								
2014	60,000	-	-	-	-	-	1,400	-	61,400
2013	32,500	-	-	-	-	-	75,000	-	107,500
	Francis Loh - Non Executive Director (resigned 17 April 2014)								
2014	34,668	-	-	-	-	-	1,400	-	36,068
2013	21,665	-	-	-	-	-	-	-	21,665
	David Grant Sanders - Non Executive Director (appointed 2 April 2014)								
2014	9,031	-	-	858	-	-	-	-	9,889
2013	-	-	-	-	-	-	-	-	-
	Kong Leng (Jimmy) Lee - Non Executive Director (appointed 2 April 2014)								
2014	9,031	-	-	858	-	-	-	-	9,889
2013	-	-	-	-	-	-	-	-	-
	Chew Wai Chuen - Non Executive Director (appointed 17 April 2014)								
2014	8,222	-	-	-	-	-	-	-	8,222
2013	-	-	-	-	-	-	-	-	-
	Robert Van der Laan - Chief Financial Officer								
2014	-	59,230	-	-	-	-	-	-	59,230
2013	-	56,940	-	-	-	-	75,000	-	131,940
	Farlee Walker - Company Secretary (resigned 13 August 2013)								
2014	-	7,138	-	-	-	-	-	-	7,138
2013	-	13,280	-	-	-	-	-	-	13,280
	Amanda Wilton - Heald - Company Secretary (appointed 13 August 2013 and resigned 17 April 2014)								
2014	-	35,658	-	-	-	-	1,120	-	36,778
2013	-	-	-	-	-	-	-	-	-
	Elizabeth Hunt - Company Secretary (appointed 17 April 2014)								
2014	-	9,338	-	-	-	-	-	-	9,338
2013	-	-	-	-	-	-	-	-	-
	Total Remuneration								
2014	384,110	111,364	-	26,058	-	175,000	3,920	-	700,452
2013	265,298	70,220	-	19,002	-	-	150,000	-	504,520

Note: Company secretary was paid via Mining Corporate Pty Ltd, a company of which Farlee Walker and Amanda Wilton-Heald are employees and Elizabeth Hunt is a director.

SHARE AND OPTION BASED PAYMENTS

On 11 July 2012, 5 million unlisted options exercisable at \$0.40 on or before 30 June 2016, valued at \$0.015 per option were issued to Patrick McManus, the Non Executive Chairman, as one of the promoters of the Company.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

SHARE AND OPTION BASED PAYMENTS (continued)

On 11 July 2012, 5 million unlisted options exercisable at \$0.40 on or before 30 June 2016, valued at \$0.015 per option, were issued to Robert Van der Laan, the Chief Financial Officer, as one of the promoters of the Company.

The following were the parameters applied: Volatility 60%, Risk-Free Interest Rate 2.48%, Days until expiration 1,460, Exercise Price \$0.4 and Underlying Price \$0.1.

On 5 December 2013, 250,000 unlisted options exercisable a \$0.25 on or before 4 December 2015, valued at \$0.0056 per option, were issued to Patrick McManus, the Non Executive Chairman.

On 5 December 2013, 250,000 unlisted options exercisable a \$0.25 on or before 4 December 2015, valued at \$0.0056 per option, were issued to Francis Loh, the Non Executive Director, who subsequently resigned on 17 April 2014.

On 5 December 2013, 200,000 unlisted options exercisable a \$0.25 on or before 4 December 2015, valued at \$0.0056 per option, were issued to Amanda Wilton Heald, the Company Secretary, who subsequently resigned on 17 April 2014.

The following were the parameters applied: Volatility 50%, Risk-Free Interest Rate 2.5%, Days until expiration 730, Exercise Price \$0.25 and Underlying Price \$0.1.

Under the Management fee and remuneration sacrifice share 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 market fair value. The Plan has been approved by the shareholders during 2013 AGM.

On 4 July 2014, the Company has issued total of 662,107 associated shares for the sacrificed amount up to June 2014 to the directors who has elected to sacrifice part of their directors fees. The shares allocation is as follows:

174,704 shares were issued at a deemed issue price of \$0.0515 as consideration for fees foregone between 1 January 2014 to 30 June 2014 valued at \$9,000 to Patrick McManus.

427,765 shares were issued at a deemed issue price of \$0.0515, as consideration for fees foregone between 1 January 2014 to 30 June 2014 valued at \$22,036 to Paul Berndt.

59,638 shares were issued at a deemed issue price of \$0.0598, as consideration for fees foregone between 1 January 2014 to 17 April 2014 valued at \$3,566 to Francis Loh.

SERVICE AGREEMENTS

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

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

SERVICE AGREEMENTS (continued)

Agreement with Managing Director

Mr Paul Berndt was appointed as Managing Director on 5 June 2012. Pursuant to an agreement dated 4 June 2012, his salary was set at \$150,000 per annum, inclusive of superannuation requirement, prior to ASX Listing but has increased to \$275,000 per annum, inclusive of superannuation requirement, post ASX Listing. On 4 October 2013, his salary was revised to \$300,000 per annum inclusive of superannuation requirement.

Mr Paul Berndt transitioned to a non-executive role from 1 August 2014 and his director's fee was set at \$40,000 per annum inclusive of superannuation

Agreement with Non Executive Directors

Mr Patrick McManus was appointed as Non Executive Chairman on 15 July 2012. Pursuant to an agreement dated 15 July 2012, his director's fee was set at \$60,000 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 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

Mr David Sanders was appointed as 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.

Mr Chew Wai Chuen was appointed as 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.

Mr Gary Lyons was appointed as Non Executive Director on 16 July 2014. Pursuant to an agreement dated 16 July 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.

Agreement with Chief Financial Officer

Mr Robert Van der Laan was appointed as Chief Financial Officer, effective on 13 July 2011. On 26 June 2012, the Company entered into an agreement containing the terms and conditions under which the services of Chief Financial Officer are provided. In the event of termination, there is no notice period required.

The agreement involves the payment to a Company associated with Robert Van der Laan of an hourly fee of \$120 and reimbursement of expenses. The hourly rate was revised to \$130 effective from 1 July 2013.

USE OF REMUNERATION CONSULTANTS

The Group did not employ the services of any remuneration consultants during the period ended 30 June 2014.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

SHARE OPTIONS

Options granted to KMP of the Group

During the year, 1,800,000 unlisted options exercisable at \$0.25 on or before 4 December 2015 were issued to directors and contractors of the Company.

All options were issued by the Company and entitle the holder to one ordinary share in the Company for each option exercised.

There have not been any alterations to the terms or conditions of any grants since grant date.

Options and Rights Granted as Remuneration

<u>2014</u>	Balance at	Grant Details			Exercised		Lapsed		Balance at
<i>Group KMP</i>	Beginning of	Issue Date	No.	Value ¹	No. ²	Value ³	No.	Value ⁴	End of Year
	Year			\$		\$		\$	
Paul Berndt	-	-	-	-	-	-	-	-	-
Patrick McManus	5,000,000	5/12/2013	250,000	1,400	-	-	-	-	5,250,000
Francis Loh *	-	5/12/2013	250,000	1,400	-	-	-	-	250,000
David Grant Sanders **	-	-	-	-	-	-	-	-	-
Kong Leng (Jimmy) Lee ***	-	-	-	-	-	-	-	-	-
Chew Wai Chuen ****	-	-	-	-	-	-	-	-	-
Robert Van der Laan	5,000,000	-	-	-	-	-	-	-	5,000,000
Farlee Walker ^	-	-	-	-	-	-	-	-	-
Amanda Wilton-Heald ^^	-	5/12/2013	200,000	1,120	-	-	-	-	200,000
Elizabeth Hunt ^^	-	-	-	-	-	-	-	-	-
	10,000,000		700,000		-		-		10,700,000

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

SHARE OPTIONS (continued)

Options and Rights Granted as Remuneration (continued)

<u>2014</u>	Balance at End of Year	Vested			Unvested
<i>Group KMP</i>		Exercisable	Unexercisable	Total at End of Year	Total at End of Year
Paul Berndt	-	-	-	-	-
Patrick McManus	5,250,000	5,250,000	-	5,250,000	-
Francis Loh *	250,000	250,000	-	250,000	-
David Grant Sanders **	-	-	-	-	-
Kong Leng (Jimmy) Lee ***	-	-	-	-	-
Chew Wai Chuen ****	-	-	-	-	-
Robert Van der Laan	5,000,000	5,000,000	-	5,000,000	-
Farlee Walker ^	-	-	-	-	-
Amanda Wilton-Heald ^^	200,000	200,000	-	200,000	-
Elizabeth Hunt ^^^	-	-	-	-	-
	10,700,000	10,700,000	-	10,700,000	-

<u>2013</u>	Balance at Beginning of Year	Grant Details			Exercised		Lapsed		Balance at End of Year
<i>Group KMP</i>		Issue Date	No.	Value ₁ \$	No. ₂	Value ₃ \$	No.	Value ₄ \$	
Paul Berndt	-	-	-	-	-	-	-	-	-
Patrick McManus	-	11/07/2012	5,000,000	75,000	-	-	-	-	5,000,000
Francis Loh *	-	-	-	-	-	-	-	-	-
Charlton William Kable (deceased)	-	-	-	-	-	-	-	-	-
Robert Van der Laan	-	11/07/2012	5,000,000	75,000	-	-	-	-	5,000,000
Farlee Walker ^	-	-	-	-	-	-	-	-	-
Amanda Wilton-Heald ^^	-	-	-	-	-	-	-	-	-
	-		10,000,000		-		-		10,000,000

TUNGSTEN MINING NL
A.C.N. 152 084 403
Directors' Report (continued)

SHARE OPTIONS (continued)

Options and Rights Granted as Remuneration (continued)

<u>2013</u>			Vested			Unvested
	Balance at End of Year	Exercisable	Unexercisable	Total at End of Year	Total at End of Year	Total at End of Year
Group KMP						
Paul Berndt	-	-	-	-	-	-
Patrick McManus	5,000,000	5,000,000	-	5,000,000	-	-
Francis Loh *	-	-	-	-	-	-
Charlton William Kable (deceased)	-	-	-	-	-	-
Robert Van der Laan	5,000,000	5,000,000	-	5,000,000	-	-
Farlee Walker ^	-	-	-	-	-	-
Amanda Wilton-Heald ^^	-	-	-	-	-	-
	10,000,000	10,000,000	-	10,000,000		-

- 1 The fair value of options granted as remuneration and as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.
- 2 All options exercised resulted in the issue of ordinary shares in Tungsten Mining NL on a 1:1 basis. All persons exercising options paid the applicable exercise price.
- 3 The value of options that have been exercised during the year as shown in the above table was determined as at the time of the exercise.
- 4 The value of options that have lapsed during the year due to vesting conditions not being satisfied has been determined at the time of their lapsing as if vesting conditions had been satisfied.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

SHARE OPTIONS (continued)

Options and Rights Granted as Remuneration (continued)

Details of the options granted as remuneration to those KMP listed in the previous table are as follows:

Grant Date	Issuer	Entitlement on Exercise	Expiry Date	Exercise Price \$	Value per Option at Grant Date \$	Amount Paid/Payable by Recipient \$
11/07/2012	Tungsten Mining NL	1:1 Ordinary Shares in Tungsten Mining	30/06/2016	0.40	0.015	-
5/12/2013	Tungsten Mining NL	1:1 Ordinary Shares in Tungsten Mining	4/12/2015	0.25	0.0056	-

KMP Shareholdings

The number of ordinary shares in Tungsten Mining NL held by each KMP of the Group during the financial year is as follows:

2014

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Paul Berndt	1,115,000	2,500,000	-	74,000	3,689,000
Patrick McManus	20,000	-	-	(10,000)	10,000
Francis Loh *	-	-	-	-	-
David Grant Sanders **	-	-	-	-	-
Kong Leng (Jimmy) Lee ***	-	-	-	-	-
Chew Wai Chuen ****	-	-	-	416,667	416,667
Robert Van der Laan	1,550,000	-	-	(43,500)	1,506,500
Farlee Walker ^	-	-	-	-	-
Amanda Wilton-Heald ^^	-	-	-	-	-
Elizabeth Hunt ^^	-	-	-	-	-
	2,685,000	2,500,000	-	437,167	5,622,167

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Report (continued)

SHARE OPTIONS (continued)

KMP Shareholdings (continued)

<u>2013</u>	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Paul Berndt	1,000,000	-	-	115,000	1,115,000
Patrick McManus	650,000	-	-	(630,000)	20,000
Francis Loh *	-	-	-	-	-
Charlton William Kable (deceased)	-	-	-	-	-
Lindsay Cahill*****	1,250,000	-	-	50,000	1,300,000
Robert Van der Laan	1,550,000	-	-	-	1,550,000
Farlee Walker ^	-	-	-	-	-
	<u>4,450,000</u>	<u>-</u>	<u>-</u>	<u>(465,000)</u>	<u>3,985,000</u>

* Francis Loh resigned as director effective from 17 April 2014.

** David Grant Sanders was appointed as director on 2 April 2014.

*** Kong Leng (Jimmy) Lee was appointed as director on 2 April 2014.

**** Chew Wai Chuen was appointed as director on 2 April 2014.

***** Lindsay Cahill resigned as director on 30 September 2012.

^ Ms Walker resigned as Company Secretary on 13 August 2013.

^^ Amanda Wilton-Heald was appointed as company secretary on 13 August 2013 and subsequently resigned effective from 17 April 2014.

^^^ Elizabeth Hunt was appointed as company secretary on 17 April 2014.

End of Audited section

TUNGSTEN MINING NL
A.C.N. 152 084 403

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 30 and forms part of this report.

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

A handwritten signature in dark ink, appearing to read 'Patrick McManus', is written in a cursive style.

Patrick McManus
Chairman
Perth
Dated 17 September 2014

Auditor's Independence Declaration

To those charged with the governance of Tungsten Mining NL

As auditor for the audit of Tungsten Mining NL for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Somes Cooke



Kevin Somes
Partner

Perth

17 September 2014

Corporate Governance Statement

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations*.

In line with the above, the Board has set out the way forward for the Company in its implementation of its Principles of Good Corporate Governance and Recommendations. The approach taken by the board was to set a blueprint for the Company to follow as it introduces elements of the governance process. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the recommendations approved via the board charter. Where the Company has not adhered to the recommendations it has stated that fact in this Corporate Governance Statement however has set out a mandate for future compliance when the size of the Company and the scale of its operations warrants the introduction of those recommendations.

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out those delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company. To assist the Board carry its functions, it has developed a Code of Conduct to guide the Directors. A copy of the Code of Conduct is available on the Company's website (tungstenmining.com).

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience have been stated in the Directors' Report of the 2014 Annual Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment. The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. All six Directors on the board of the Company are currently Non-Executive Directors, of which three are also independent directors.

An Independent Director:

1. is a Non-Executive Director and;
2. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
3. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;

Corporate Governance Policy (Continued)

4. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
5. is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
6. has no material contractual relationship with the Company or other group member other than as a Director of the Company;
7. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
8. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for the purposes of points 1 to 8 above is determined on the basis of both quantitative and qualitative aspects with regard to the independence of Directors. An amount over 5% of the Company's expenditure or 10% of the particular directors annual gross income is considered to be material. A period of more than six years as a Director would be considered material when assessing independence.

Mr Patrick McManus is a Non-Executive Director and Chairman of the Company and meets the Company's criteria for independence. Mr David Sanders and Mr Chew Chuen are also Non-Executive Directors of the Company and meet the Company's criteria for independence.

As a former Executive Director of the Company, Mr Paul Berndt does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

As Board members of substantial shareholder, GWR Group Limited, Mr Gary Lyons and Mr Jimmy Lee do not meet the Company's criteria for independence. However, their experience and technical knowledge make their contribution to the Board such that it is appropriate for them to remain on the Board.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

1. Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
2. Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
3. Overseeing Planning Activities: the development of the Company's strategic plan.
4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.

Corporate Governance Policy (Continued)

5. Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
6. Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
7. Human Resources: reviewing the performance of Executive Officers and monitoring the performance of senior management in their implementation of the Company's strategy.
8. Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
9. Delegation of Authority: delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter. A copy of the Board Charter is available on the Company's website (tungstenmining.com).

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Corporate Governance Policy (Continued)

A copy of the Disclosure Strategy is available on the Company's website (tungstenmining.com).

1.4.5 Education and Induction

It is the policy of the Company that each new Director undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company;
- a copy of the Corporate Governance Statement, Charters, Policies and Memos; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. The Board will implement a formal Ongoing Education Framework this year.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

1. communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
2. giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. making it easy for shareholders to participate in general meetings of the Company; and
4. requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report of future Annual Reports.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. A copy of the Shareholder Communication Strategy is available on the Company's website (tungstenmining.com).

Corporate Governance Policy (Continued)

1.4.9 Trading in Company Shares

The Company has a Share Trading Policy which states that Directors, members of senior management, certain other employees and their associates likely to be in possession of unpublished price sensitive information may not trade in the Company's securities prior to that unpublished price sensitive information being released to the market via the ASX and which include restrictions on trading in closed periods, complying with the ASX Listing Rule requirements. A copy of the Share Trading Policy is available on the Company's website (tungstenmining.com). Unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

1.4.10 Performance Review / Evaluation

It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company. During the financial year an evaluation of the performance of the Board and its members was not formally carried out. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place. A copy of the Board Performance Evaluation Policy is available on the Company's website (tungstenmining.com).

1.4.11 Attestations by CEO and CFO

It is the Board's policy that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing Annual Reports.

1.4.12 Risk Management Policy

The Company's Risk Management Strategy states that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's Risk Management Strategy are to:

- identify risks to the Company;
- balance risk to reward;
- ensure regulatory compliance is achieved; and
- ensure senior executives, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular Board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Company will develop a Risk Register this year in order to assist with the risk management of the Company. The Company's Risk Management Strategy was adopted by the Board and is considered a sound strategy for addressing and managing risk. A copy of the Risk Management Strategy is available on the Company's website (tungstenmining.com).

Corporate Governance Policy (Continued)

1.4.13 Diversity Policy

The Company recognises and respects the value of diversity at all levels of the organisation. The Company is committed to setting measurable objectives for attracting and engaging women at the Board level, in senior management and across the whole organisation.

The Diversity Policy was adopted by the Board and the Company set the following objectives for the employment of women:

- to the Board – no target set
- to senior management – 20% by 2014
- to the organisation as a whole – 20% by 2014

As at the date of this report, the Company has the following proportion of women appointed:

- to the Board – 0%
- to senior management – 25%
- to the organisation as a whole – 27%

The Company recognises that the mining and exploration industry is intrinsically male dominated in many of the operational sectors and the pool of women with appropriate skills will be limited in some instances. Where possible, the Company will seek to identify suitable candidates for positions from a diverse pool. The Company's Diversity Policy is located on its website (tungstenmining.com).

2. Board Committees

2.1 Audit Committee

The Audit Committee consists of Non-Executive Directors Mr David Sanders (Chairman) and Mr Patrick McManus and the Company Secretary. Mr Sanders replaced Mr Loh. The Audit Committee met twice during the financial year ended 30 June 2014 and all members were present at the meetings. A copy of the Audit Committee Charter is available on the Company's website (tungstenmining.com).

2.2 Remuneration Committee

2.2.1.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees. The Remuneration Committee consists of Non-Executive Directors Mr Jimmy Lee (Chairman) and Mr Patrick McManus and the Company Secretary. Mr Lee replaced Mr Loh. The Remuneration Committee met once during the financial year ended 30 June 2014 and all members were present at the meeting.

2.2.1.2 Responsibilities

The responsibilities of a Remuneration Committee include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Managing Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors, recommendations for remuneration by gender and making recommendations on any proposed changes and undertaking reviews of the Managing Director's performance, including, setting with the Managing Director goals and reviewing progress in achieving those goals.

Corporate Governance Policy (Continued)

2.2.2 Remuneration Policy

2.2.2.1 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors.

2.2.2.2 Executive Director Remuneration

Executive Director remuneration is set by the Board with the executive director in question not present.

2.2.3 Current Director Remuneration

Full details regarding the remuneration of Directors has been included in the Directors' Report of the 2013 Annual Report. A copy of the Remuneration Committee Charter is available on the Company's website (tungstenmining.com).

2.3 Nomination Committee

2.3.1.1 Role

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee.

2.3.1.1 Responsibilities

Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a nomination committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee.

2.3.2 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's operations. The Company's current directors all have relevant experience in the operations. In addition, Directors should have the relevant blend of personal experience in:

- Accounting and financial management; and
- Director-level business experience.

The Nomination Committee (Board as a whole) is responsible for implementing a program to identify, assess and enhance director competencies. In addition, the Nomination Committee (Board as a whole) puts in place succession plans to ensure an appropriate mix of skills, experience, expertise and diversity are maintained on the Board.

Corporate Governance Policy (Continued)

3. Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. The Code of Conduct was adopted by the Board. This Code of Conduct includes the following:

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its financial statements fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Responsibilities to Clients, Customers and Consumers

The Company has an obligation to use its best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers and is committed to providing clients, customers and consumers with fair value.

Employment Practices

The Company policy is to endeavour to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers and competitors.

Responsibilities to the Community

As part of the community the Company: is committed to conducting its business in accordance with applicable environmental laws and regulations

Responsibility to the Individual

The Company is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

Conflicts of Interest

Directors and Employees must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Corporate Governance Policy (Continued)

How the Company Complies with Legislation Affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations.

How the Company Monitors and Ensures Compliance with its Code.

The Board of the Company is committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code of Conduct. A copy of the Code of Conduct is available on the Company's website (tungstenmining.com).

This Corporate Governance Statement sets out Tungsten Mining NL's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Recommendations. The Recommendations are not mandatory.

Principle / Recommendation	Requirement	Compliance	Reference
Principle 1	Lay Solid Foundations for Management and Oversight		
Recommendation 1.1	Functions of the Board and Senior Executives	Yes	1.1, 1.2, 1.3 Website
Recommendation 1.2	Performance Evaluation of Senior Executives	Yes	1.4.10
Recommendation 1.3	Reporting on Principle 1	Yes	1.1, 1.2, 1.3, 1.4 Website
Principle 2	Structure the Board to Add Value		
Recommendation 2.1	Independent Directors	Yes	1.2
Recommendation 2.2	Independent Chair	Yes	1.2
Recommendation 2.3	Role of the Chair and CEO	Yes	1.1, 1.2 Website
Recommendation 2.4	Establishment of Nomination Committee	No	2.3
Recommendation 2.5	Performance Evaluation Process	Yes	1.4.10 Website
Recommendation 2.6	Reporting on Principle 2	Yes	1.1, 1.2, Website
Principle 3	Promote Ethical and Responsible Decision Making		
Recommendation 3.1	Directors' and Senior Executives' Code of Conduct	Yes	3 Website
Recommendation 3.2	Diversity Policy	Yes	1.4.13
Recommendation 3.3	Diversity Policy Objectives	Yes	1.4.13
Recommendation 3.4	Diversity Reporting	Yes	1.4.13
Recommendation 3.5	Reporting on Principle 3	Yes	3, 1.4.13 Website

TUNGSTEN MINING NL

A.C.N. 152 084 403

Corporate Governance Policy (Continued)

Principle 3	Promote Ethical and Responsible Decision Making		
Recommendation 3.1	Directors' and Senior Executives' Code of Conduct	Yes	3 Website
Recommendation 3.2	Diversity Policy	Yes	1.4.13
Recommendation 3.3	Diversity Policy Objectives	Yes	1.4.13
Recommendation 3.4	Diversity Reporting	Yes	1.4.13
Recommendation 3.5	Reporting on Principle 3	Yes	3, 1.4.13 Website
Principle 4	Safeguard Integrity in Financial Reporting		
Recommendation 4.1	Establishment of Audit Committee	Yes	2.1
Recommendation 4.2	Structure of Audit Committee	Yes	2.1
Recommendation 4.3	Audit Committee Charter	Yes	2.1 Website
Recommendation 4.4	Reporting on Principle 4	Yes	2.1 Website
Principle 5	Make Timely and Balanced Disclosure		
Recommendation 5.1	Policy for Compliance with Continuous Disclosure	Yes	1.4.4 Website
Recommendation 5.2	Reporting on Principle 5	Yes	1.4.4 Website
Principle 6	Respect the Rights of Shareholders		
Recommendation 6.1	Communications Strategy	Yes	1.4.8 Website
Recommendation 6.2	Reporting on Principle 6	Yes	1.4.8 Website
Principle 7	Recognise and Manage Risk		
Recommendation 7.1	Policies on Risk Oversight and Management of Material Business Risks	Yes	1.4.12 Website
Recommendation 7.2	Attestations by CEO and CFO	Yes	1.4.11
Recommendation 7.3	Risk Management and Internal Control	Yes	1.4.12 Website
Recommendation 7.4	Reporting on Principle 7	Yes	1.4.12 Website
Principle 8	Remunerate Fairly and Responsibly		
Recommendation 8.1	Establishment of Remuneration Committee	Yes	2.2.1.1 Website
Recommendation 8.2	Structure of Remuneration Committee	Yes	2.2.1.1 Website
Recommendation 8.3	Executive and Non-Executive Director Remuneration	Yes	2.2.2 Website
Recommendation 8.4	Reporting on Principle 8	Yes	2.2.1.1, 2.2.2 Website

TUNGSTEN MINING NL

A.C.N. 152 084 403

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	For the year ended 30 June 2014	For the year ended 30 June 2013
REVENUE FROM CONTINUING ACTIVITIES			
Fuel tax credit		-	27,302
Interest		14,218	40,033
TOTAL REVENUE		14,218	67,335
EXPENSES			
Administration		653,898	829,092
Share based payments	17	402,569	-
Exploration		436,700	3,513,458
Northern Minerals Mosquito Creek (written off)	12	900,000	-
Occupancy		54,000	44,000
Remuneration (excluding share based payments)		621,410	533,241
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(3,054,359)	(4,852,457)
INCOME TAX BENEFIT	4	198,830	-
NET LOSS FOR THE YEAR		(2,855,529)	(4,852,457)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(2,855,529)	(4,852,457)
Basic and diluted loss per share (cents per share)	7	(2.89)	(7.60)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

TUNGSTEN MINING NL

A.C.N. 152 084 403

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Note	As at 30 June 2014	As at 30 June 2013
CURRENT ASSETS			
Cash and cash equivalents	8	4,194,861	673,988
Trade and other receivables	9	56,170	83,369
Other assets	10	3,904	4,180
Total Current Assets		4,254,935	761,537
NON CURRENT ASSETS			
Plant and equipment	11	104,442	115,827
Exploration and evaluation	12	1,610,079	2,560,079
Total Non Current Assets		1,714,521	2,675,906
TOTAL ASSETS		5,969,456	3,437,443
CURRENT LIABILITIES			
Trade and other payables	13	266,347	223,577
Provisions	14	13,532	6,065
Total Current Liabilities		279,879	229,642
TOTAL LIABILITIES		279,879	229,642
NET ASSETS		5,689,577	3,207,801
EQUITY			
Issued capital	15	13,599,353	8,272,128
Reserves	16	235,080	225,000
Accumulated losses	18	(8,144,856)	(5,289,327)
TOTAL EQUITY		5,689,577	3,207,801

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

TUNGSTEN MINING NL

A.C.N. 152 084 403

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Issued Capital \$	Reserves	Accumulated Losses \$	Total \$
At 1 July 2012					
Opening Balance		2,311,521	-	(436,870)	1,874,651
Loss for the year		-	-	(4,852,457)	(4,852,457)
Other comprehensive income (net of tax)		-	-	-	-
Total comprehensive income for the year (net of tax)		2,311,521	-	(5,289,327)	(2,977,806)
Transactions with owners in their capacity as owners:					
Shares issued		6,710,876	-	-	6,710,876
Share issued transaction costs		(525,269)	-	-	(525,269)
Share based payments		(225,000)	225,000	-	-
At 1 July 2013		8,272,128	225,000	(5,289,327)	3,207,801
Loss for the year		-	-	(2,855,529)	(2,855,529)
Other comprehensive income (net of tax)		-	-	-	-
Total comprehensive income for the year (net of tax)		-	-	(2,855,529)	(2,855,529)
Transactions with owners in their capacity as owners:					
Shares issued		5,632,305	-	-	5,632,305
Share issued transaction costs		(305,080)	-	-	(305,080)
Share based payments - options		-	10,080	-	10,080
Balance as at 30 June 2014		13,599,353	235,080	(8,144,856)	5,689,577

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

TUNGSTEN MINING NL
A.C.N. 152 084 403

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	For the year ended 30 June 2014	For the year ended 30 June 2013
OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,626,912)	(4,683,274)
Interest received		14,218	40,033
Fuel tax credits		-	27,302
R&D Tax Rebate		198,830	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	22	(1,413,864)	(4,615,939)
INVESTING ACTIVITIES			
Purchase of office equipment		-	(119,732)
Payment for acquisition of subsidiary, net of cash acquired		-	(200,000)
Payment for acquisition of mineral rights		-	(100,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		-	(419,732)
FINANCING ACTIVITIES			
Proceeds from issue of shares	15	5,239,817	5,110,876
Share issue costs	15	(305,080)	(525,269)
NET CASH FLOWS FROM FINANCING ACTIVITIES		4,934,737	4,585,607
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		3,520,873	(450,064)
Cash and cash equivalents at the beginning of the year		673,988	1,124,052
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	4,194,861	673,988

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

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements

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 2014 comprises the Company and its subsidiaries (together referred to as the "consolidated entity"). The consolidated entity's principal activities are mineral exploration and production.

The nature of operations and principal activities of the consolidated entity 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 throughout the period presented unless otherwise stated.

(b) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The consolidated entity has decided not to early adopt any of the new and amended pronouncements. The new and amended pronouncements will not materially impact on these financial statements.

(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.

Notes to Financial Statements

Note 2: Statement of significant accounting policies (continued)

Mineral acquisition costs

The consolidated entity 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 2 to 5 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

Note 2: Statement of significant accounting policies (continued)

(e) Plant & Equipment (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 the statement of comprehensive income in the period the item is derecognised.

(f) Income tax

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

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

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

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

Notes to Financial Statements

Note 2: Statement of significant accounting policies (continued)

(g) GST

Revenues, expenses and assets are recognised net of the amount of 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 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 consolidated entity 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 consolidated entity 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.

Notes to Financial Statements

Note 2: Statement of significant accounting policies (continued)

(h) Provisions and employee benefits (continued)

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 Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Receivables

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

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

(k) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured.

R&D tax rebates are recognised when the receipts are deemed probable and the amounts can be measured reliably.

(l) Contributed equity

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

(m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the consolidated entity 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 consolidated entity 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.

Notes to Financial Statements

Note 2: Statement of significant accounting policies (continued)

(o) Investments and other financial assets

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

(i) Held-to-maturity investments

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

(ii) Loans and receivables

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

(p) Impairment of financial assets

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

Available-for-sale investments

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

(q) Leases

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

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements**Note 2: Statement of significant accounting policies (continued)****(r) Share Based Payments**

Under AASB 2 Share Based Payments, the consolidated entity must recognise the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The consolidated entity provides benefits to employees (including directors) of the consolidated entity 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) 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 consolidated entity 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 consolidated entity currently does not have production and is only involved in exploration. 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 consolidated entity has only one operating segment, being exploration, and evaluation and the segment operations and results are reported internally based on the accounting policies as described in note 2 for the computation of the controlled entity's results presented in this set of financial statements.

Note 4: Income Tax**(a) Prima facie income tax benefit at 30% on loss from ordinary activities is reconciled to the income tax provided in the financial statements**

	30 JUNE 2014	30 JUNE 2013
	\$	\$
Loss before income tax	(2,855,529)	(4,852,457)
Income tax calculated at 30%	(856,659)	(1,455,737)
Tax effect of:-		
Expenses not allowed	351,985	19,330
Share and option based payment	55,524	-
Capital raising costs deductible	(91,524)	(157,581)
Deferred tax assets not brought to Account	540,674	1,593,988
Income tax (refund) attributable to operating losses	-	-

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements**Note 4: Income Tax (continued)****(b) Deferred tax assets**

Potential deferred tax assets of \$2,249,523 as at 30 June 2014, arising from the tax losses and temporary differences have not been recognised as an asset because recovery of tax losses is not yet probable.

The benefits will only be obtained if:

- (i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
- (ii) The Group continues to comply with the conditions in deductibility imposed by the Law; and
- (iii) No change in tax legislation adversely affects the Group in realising the benefits from the deductions or the losses.

Note 5: Key Management Personnel's remuneration

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the controlled entity's key management personnel (KMP) for the year ended 30 June 2014.

	2014	2013
	\$	\$
Short-term employee benefits	495,474	335,518
Post-employment benefits	26,058	19,002
Share based payments	178,920	150,000
Total KMP compensation	<u>700,452</u>	<u>504,520</u>

Note 6: Auditor's remuneration

	2014	2013
	\$	\$
Remuneration of the auditor of the Company for:		
-auditing or reviewing the financial report	28,000	31,000
	<u>28,000</u>	<u>31,000</u>

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements**Note 7: Loss per share**

	2014	2013
	\$	
Basic loss per share	2.89	7.60
Diluted loss per share	2.89	7.60
Net loss	(2,855,529)	(4,852,457)
Loss used in calculating basic and diluted loss per share	(2,855,529)	(4,852,457)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted (loss)/earnings per share	98,973,600	63,885,961

During the period there were no options that were issued over ordinary share capital.

Note 8: Cash and cash equivalents

	2014	2013
	\$	\$
Cash at bank	4,194,861	673,988
Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the statement of financial position as follows:		
Cash at bank	4,194,861	673,988

Note 9: Trade and other receivables

	2014	2013
	\$	\$
Current		
GST receivable	56,170	83,369
Total receivable	56,170	83,369

(i) Non-trade debtors 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: Other assets

	2014	2013
	\$	\$
Prepayments	3,904	4,180

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements

Note 11: Plant and equipment

	Office Equipment \$	Plant and Equipment \$	Computer Software \$	Total \$
At 30 June 2014				
Cost	12,522	109,755	1,499	123,776
Accumulated depreciation	(6,235)	(12,497)	(602)	(19,334)
Closing net carrying value	6,287	97,258	897	104,442
Year ended 30 June 2014				
Opening net carrying value	9,417	105,215	1,195	115,827
Additions	-	-	-	-
Depreciation charge for the year	(3,130)	(7,957)	(298)	(11,385)
Closing net carrying value	6,287	97,258	897	104,442

Note 12: Exploration and evaluation

	2014 \$	2013
At 1 July	2,560,079	710,079
Option fees paid	(50,000)	(50,000)
Acquisition of SM3-W Pty Ltd (i)	-	1,000,000
Northern Minerals Mosquito Creek designated mineral rights (ii)	(900,000)	900,000
As at 30 June (iii)	1,610,079	2,560,079

(i) Consideration for the acquisition was \$200,000 cash and 4 million shares

(ii) Consideration for the acquisition was \$100,000 cash and 4 million shares. The option fees paid and the consideration for the acquisition of Northern Minerals Mosquito Creek designated mineral rights have been expensed during the year as the Company has withdrawn from the designated mineral rights agreement.

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

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements**Note 13: Trade and other payables**

	2014	2013
	\$	\$
Current		
Unsecured liabilities		
Trade Payables	150,470	149,451
Business credit card	10,522	9,923
Accrued expenses	105,355	64,203
	<u>266,347</u>	<u>223,577</u>

Due to short term nature of these payables, their carrying value is assumed to approximate their fair value.

Included in trade and other payables is an amount of \$50,170 which was satisfied after the end of the financial year by the issue of shares pursuant to the director and senior management salary share sacrifice plan

Note 14: Provisions

	2014	2013
	\$	\$
Employee benefits	13,532	6,065
	<u>13,532</u>	<u>6,065</u>

Note 15: Issued capital

	2014	2013
	\$	\$
Ordinary shares fully paid	13,599,353	8,272,128
	<u>13,599,353</u>	<u>8,272,128</u>

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 stakeholder. 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.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements

Note 15: Issued capital (continued)

Movements in ordinary shares on issue of the company are:

		2014	2013
	Note	Number	Number
At the beginning of reporting period		79,054,379	45,500,000
Ordinary Shares			
Issue of 25,554,379 shares pursuant to initial public offerings	15.1	-	25,554,379
Acquisition of SM3-W Pty Ltd	15.2	-	4,000,000
Acquisition of Northern Minerals Mosquito Creek designated mineral rights	15.3	-	4,000,000
Issue of 833,334 shares to Aaron Sim Kwang Liang and Chew Wai Chuen	15.4	833,334	-
Issue of 10,000,000 shares to existing shareholders via share placement	15.5	10,000,000	-
Issue of 351,000 shares for provision of services	15.6	351,000	-
Issue of 2,500,000 shares to Paul Berndt for remuneration	15.7	2,500,000	-
Issue of 256,500 shares for provision of services	15.8	256,500	-
Issue of 3,000,000 shares for provision of services	15.9	3,000,000	-
Issue of 10,000,000 shares to existing shareholders via share placement	15.10	10,000,000	-
Issue of 15,719,743 shares pursuant to the Company's 1 for 1 Renounceable issue	15.11	15,719,743	-
Issue of 90,275,645 shares pursuant to the Company's 1 for 1 Renounceable issue	15.12	90,275,645	-
At the end of the reporting period		211,990,601	79,054,379

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements

Note 15: Issued capital (continued)

	Note	2014 \$	2013 \$
At the beginning of reporting period		8,272,128	2,311,521
Ordinary Shares			
Issue of 25,554,379 shares pursuant to initial public offerings at \$0.20	15.1	-	5,110,876
4,000,000 shares issued for acquisition of SM3-W Pty Ltd at \$0.20	15.2	-	800,000
4,000,000 shares issued for acquisition of Northern Minerals Mosquito Creek designated mineral rights at \$0.20	15.3	-	800,000
Issue of 833,334 shares to Aaron Sim Kwang Liang and Chew Wai Chuen	15.4	100,000	-
Issue of 10,000,000 shares to existing shareholders via share placement	15.5	500,000	-
Issue of 351,000 shares for provision of services	15.6	18,252	-
Issue of 2,500,000 shares to Paul Berndt for remuneration	15.7	175,000	-
Issue of 256,500 shares for provision of services	15.8	19,237	-
Issue of 3,000,000 shares for provision of services	15.9	180,000	-
Issue of 10,000,000 shares to existing shareholders via share placement	15.10	400,000	-
Issue of 15,719,743 shares pursuant to the Company's 1 for 1 Renounceable issue	15.11	628,790	-
Issue of 90,275,645 shares pursuant to the Company's 1 for 1 Renounceable issue	15.12	3,611,026	-
Equity raising costs	15.13	(305,080)	(750,269)
At the end of the reporting period		<u>13,599,353</u>	<u>8,272,128</u>

- 15.1 The issue of 25,554,379 shares at \$0.20 per share pursuant to Public Offering raising \$5,110,876 during the year ended 30 June 2013.
- 15.2 The issue of 4,000,000 shares at fair value of \$0.20 per share to SM3-W Pty Ltd as part of the consideration for the acquisition.
- 15.3 The issue of 4,000,000 shares at fair value of \$0.20 per share to Northern Minerals as part of the consideration for the acquisition of Mosquito Creek designated mineral rights
- 15.4 The issue of 833,334 shares at fair value of \$0.12 per share to Aaron Sim Kwang Liang and Chew Wai Chuen pursuant to a placement to sophisticated investors.
- 15.5 The issue of 10,000,000 shares at fair value of \$0.05 per share pursuant to placement to sophisticated investors.
- 15.6 The issue of 351,000 shares at fair value of \$0.052 per share to Momentum Group in lieu of services performed.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements**Note 15: Issued capital (continued)**

- 15.7 The issue of 2,500,000 shares at fair value of \$0.07 per share to Paul Berndt as approved by shareholders at the 27 November 2013 AGM.
- 15.8 The issue of 256,500 shares at fair value of \$0.075 per share to Momentum Group in lieu of services performed.
- 15.9 The issue of 3,000,000 shares at fair value of \$0.06 per share to Singaporean corporate advisory consultants in lieu of services performed.
- 15.10 The issue of 10,000,000 shares at fair value of \$0.04 per share pursuant to placement to sophisticated investors.
- 15.11 The issue of 15,719,743 shares at fair value of \$0.04 per share pursuant to the Company's 1 for 1 Renounceable issue
- 15.12 The issue of 90,275,645 shares at fair value of \$0.04 per share pursuant to the Company's 1 for 1 Renounceable issue
- 15.13 For the year ended 30 June 2014, costs incurred by the Company in relation to equity raising and of \$305,080 (2013:\$525,269)

Note 16: Reserves

	Number	\$
At 1 July 2012		
Fair value of 15,000,000 unlisted options exercisable at \$0.40 on or before 30 June 2016 to issue to promoters of the company	15,000,000	225,000
As at 30 June 2013	15,000,000	225,000
At 1 July 2013		
Fair value of 1,800,000 unlisted options exercisable at \$0.25 on or before 4 December 2015 issued to directors and contractors of the Company	1,800,000	10,080
As at 30 June 2014	16,800,000	235,080

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements**Note 17: Share based payments**

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	2014	2013
	\$	\$
Shares issued to director as approved at the 2013 AGM.	175,000	-
Option issued to directors and contractors of the Company (i)	10,080	-
Shares issued to Momentum Group in lieu of services provided.	18,252	-
Shares issued to consultants in lieu of consulting services provided.	180,000	-
Shares issued to Momentum Group in lieu of services provided.	19,237	-
	<u>402,569</u>	<u>-</u>

(i) The options were valued using the Black-Scholes model. Key inputs Key inputs applied to the model: Volatility 50%, Risk-Free Interest Rate 2.5%, Strike Price \$0.25, Stock Price \$0.1.

Note 18: Accumulated losses

	2014	2013
	\$	\$
Opening balance	(5,289,327)	(436,870)
Net loss for the reporting period	(2,855,529)	(4,852,457)
Accumulated losses at the end of the financial year	<u>(8,144,856)</u>	<u>(5,289,327)</u>

Note 19: Commitments**(i) Exploration**

The Company will have minimum obligations pursuant to the terms and conditions of the exploration licences and mineral rights of \$337,500 (2013: \$720,300) in the forthcoming year. These obligations are being capable of being varied from time to time in order to maintain current rights of tenure to mining tenements

(ii) Native Title

The Company's mining tenements may be subject to native title applications in the future. At this stage, it is not possible to quantify the impact (if any) that native title may have on the operations of the Company.

Note 20: Contingent liabilities

There are no contingent liabilities as at 30 June 2014.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements**Note 21: Related party transactions**

At 30 June 2014, total director's fees owed to key management personnel was \$50,170, which were satisfied by the issue of shares pursuant to the director and senior management salary share sacrifice plan after 30 June 2014.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There are no related party transactions during the financial period, other than loans to subsidiaries and those noted in Notes 5 and 24.

Note 22: Cash flow information

	2014 \$	2013 \$
Reconciliation of cash flow from operations with (loss)/profit from ordinary activities after income tax		
Loss from ordinary activities after income tax	(2,855,529)	(4,852,457)
Depreciation	11,384	7,929
Share and option based payment expense	185,080	-
Share based payment in lieu of services	217,489	-
Option fees expenses	50,000	50,000
Exploration expenditure written off	900,000	
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	27,476	(22,623)
Increase/(decrease) in payables	50,236	201,212
Cash flow from operations	(1,413,864)	(4,615,939)

Note 23: Financial risk management objectives and policies

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

The main risks arising from the consolidated entity'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

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities is currently not significant as its cash and cash assets are currently held in non-interest bearing accounts.

The consolidated entity has not entered into any hedging activities to manage interest rate risk. In regard to its interest rate risk, the consolidated entity 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.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements

Note 23: Financial risk management objectives and policies (continued)

	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$	Interest Rate Risk Sensitivity			
						-10%		10%	
						Profit \$	Equity \$	Profit \$	Equity \$
2014									
Financial Assets									
Cash	2.35	4,117,996		55,954	4,173,950	(6,774)	(6,774)	6,774	6,774
Term Deposit	3.8		20,910		20,910	-	-	-	-
Receivables		-	-	56,170	56,170				
Total Financial Assets		4,117,996	20,910	112,124	4,251,030				
Financial Liabilities									
Trade creditors		-	-	266,347	266,347				
Total Financial Liabilities		-	-	266,347	266,347				
	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$	Interest Rate Risk Sensitivity			
						-10%		10%	
						Profit \$	Equity \$	Profit \$	Equity \$
2013									
Financial Assets									
Cash	2.75	598,033		55,955	653,988	(1,151)	(1,151)	1,151	1,151
Term Deposit	3.8		20,000		20,000	-	-	-	-
Receivables		-	-	83,369	83,369				
Total Financial Assets		598,033	20,000	139,324	757,357				
Financial Liabilities									
Trade and other payables		-	-	223,577	223,577				
Total Financial Liabilities		-	-	223,577	223,577				

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements

Note 23: Financial risk management objectives and policies (continued)

A 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. A -10% sensitivity would move short term interest rates at 30 June 2014 from around 2.35% to 2.115% (2013:2.75% to 2.475%) representing a 23.5 (2013: 27.5) basis points downwards shift, which is 16.45 (2013: 19.25) 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.

(a) Liquidity Risk

The consolidated entity manages liquidity risk by maintaining sufficient cash reserves and marketable securities required to meet the current exploration and administration commitments, through the continuous monitoring of actual cash flows.

All payables are due within 30 days.

(b) 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.

(c) Credit Risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The consolidated entity is exposed to credit risk from its operating activities, financing activities including deposits with banks. The credit risk control procedures adopted by the consolidated entity 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 consolidated entity which have been recognised on the statement of financial position is generally limited to the carrying amount.

Cash is maintained with National Australia Bank.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements**Note 24: Controlled entities**

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

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

Name	Country of Incorporation	Percentage Interest Held % 2014	Percentage Interest Held % 2013	Date Acquired/ Incorporated
Parent Entity:				
Tungsten Mining NL	Australia	-	-	13/07/2011
Subsidiaries of Tungsten Mining NL				
BRL Exploration Pty Ltd (i)	Australia	100	100	13/03/2012
SM3-W Pty Ltd (ii)	Australia	100	100	13/12/2012

(i) On the 13 March 2012, Tungsten Mining NL acquired 100% of share capital of BRL Exploration Pty Ltd ("BRL Exploration"). Tungsten Mining NL acquired all of the issued capital of BRL Exploration for a total consideration of \$405,000. The consideration was paid through the issue of 8,000,000 ordinary shares in Tungsten Mining valued at \$400,000 and \$5,000 in cash at settlement.

(ii) On 13 December 2012, Tungsten Mining NL acquired 100% of the share capital of SM3-W Pty Ltd for a total consideration of \$1,000,000. The consideration was 4,000,000 ordinary shares in Tungsten Mining valued at \$800,000 (Note 15) and \$200,000 in cash at settlement.

TUNGSTEN MINING NL

A.C.N. 152 084 403

Notes to Financial Statements

Note 25: Parent entity

	Parent 2014 \$	Parent 2013 \$
Assets		
Current assets	4,254,935	761,536
Non current assets	5,422,258	6,095,759
Total Assets	9,677,193	6,857,295
Liabilities		
Current liabilities	279,877	229,641
Total Liabilities	279,877	229,641
Net Assets	9,397,316	6,627,654
Equity		
Issued capital	13,834,434	8,497,128
Accumulated losses	(4,437,118)	(1,869,474)
Total Equity	9,397,316	6,627,654
	Parent 2014 \$	Parent 2013 \$
Loss for the year	(2,567,644)	(1,437,008)
Other comprehensive income	-	-
Total comprehensive loss for the financial year	(2,567,644)	(1,437,008)

Note 26: Subsequent events

On 4 July 2014, the Company has issued total of 662,107 associated shares for the sacrificed amount up to June 2014 to the directors who has elected to sacrifice part of their directors fees at an average fair value of \$0.0522 per share.

After the reporting date, the Company announced the appointment of Mr Gary Lyons, to the Board of Tungsten Mining NL, as a non-executive director effective from 16 July 2014.

Futher to the annoucment released on 10 June 2014, Mr Paul Berndt, has stood down as Managing Director and moved to an non-executive role, effective from 1 August 2014.

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

TUNGSTEN MINING NL

A.C.N. 152 084 403

Directors' Declaration

In the opinion of the directors of Tungsten Mining NL:

- (a) the financial statements and notes set out on pages 41 to 64 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2014 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 Financing 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 period ending 30 June 2014. This declaration is made in accordance with a resolution of the directors.



Patrick McManus

Chairman

Perth

Dated 17 September 2014

Independent Auditor's Report To the members of Tungsten Mining NL

Report on the Financial Report

We have audited the accompanying financial report of Tungsten Mining NL, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

Independence

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

Opinion

In our opinion:

- (a) the financial report of Tungsten Mining NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 28 of the directors' report for the year ended 30 June 2014. 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 in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Tungsten Mining NL for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.



Somes Cooke



Kevin Some
17 September 2014
Perth

TUNGSTEN MINING NL

A.C.N. 152 084 403

Shareholder Information

Distribution schedules of shareholders and statements of voting rights are set out in Table 1, whilst the Company's top twenty shareholders and option holders are shown in Table 2. Substantial shareholder notices that have been received by the Company are set out in Table 3.

Table 1**Shareholder spread as of 15 September 2014**

Ordinary shares, with right to attend meetings and vote personally or by proxy, through show of hands and, if required, by ballot (one vote for each share)

<u>Spread of Holdings</u>	<u>No. Holders</u>	<u>Shares</u>
1-1,000	2	
1,001-5,000	5	
5,001-10,000	155	
10,001-100,000	115	
100,001 - and over	66	
Total number of holders of securities	343	
Total number of securities		212,652,708

Table 2**Top twenty shareholders as of 15 September 2014**

<u>Shareholder</u>	<u>No. Shares</u>	<u>Percentage</u>
1 GWR Group Limited	35,000,000	16.46
2 HSBC Custody Nominees	29,363,300	13.81
3 BNP Paribas Nominees PL	20,000,000	9.41
4 Elmar Global Investments Limited	11,200,175	5.27
5 Reynaud International Ltd	10,506,100	4.94
6 Kresta Inv Ltd	10,500,000	4.94
7 Hilux Resources Pty Ltd	9,900,000	4.66
8 J P Morgan Nominees Australia Ltd	8,582,494	4.04
9 Woodwork Investments Ltd	5,000,000	2.35
10 Northern Minerals Ltd	4,000,000	1.88
11 SM3 Resources Pty Ltd	4,000,000	1.88
12 Ocean State Enterprises Ltd	4,000,000	1.88
13 Citicorp Nominees Pty Ltd	3,627,865	1.71
14 Mission Resources Pty Ltd	3,500,000	1.65
15 Dynamic Partners Pty Ltd	3,500,000	1.65
16 Mr Choo Woon Meng	3,000,000	1.41
17 MD Mukhtar Hossain	3,000,000	1.41
18 G & R Robinson Fam PL	2,520,000	1.19
19 Mr Paul Berndt	2,500,000	1.18
14 Angus Claymore Pilmer	2,400,000	1.13
	176,099,934	82.85

TUNGSTEN MINING NL

A.C.N. 152 084 403

Shareholder Information (continued)**Table 3****Substantial shareholders as of 15 September 2014**

Shareholder	No. of shares	Percentage
GWR Group Limited	35,000,000	16.49
Lavington International Limited	20,000,000	9.43
Wynnes Investment Holding Ltd	15,000,000	7.07

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.

Restricted Securities

There are currently 31,850,000 ordinary fully paid shares in escrow.

There are currently 15,000,000 \$0.40 unlisted options expiring 30 June 2016 in escrow.

Unlisted options as at 30 June 2014

Details of unlisted option holders are as follow:

Class of Inlisted Options	No. Options
Options exercisable at \$0.40 on or before 30 June 2016	15,000,000
Options exercisable at \$0.25 on or before 4 December 2015	1,800,000

TUNGSTEN MINING NL
A.C.N. 152 084 403

Tenement Register

Tenements (Australia) as of 30 August 2014

Tenement Name	Ten IDproject	Holder	Details
WHISKEY POOL	E08/1812	BRL EXPLORATION	100% Mineral Rights all Minerals
MOODONG WELL	E08/2139	BRL EXPLORATION	100% Mineral Rights all Minerals
LOVES FIND	E08/2207	SMW-3 PTY LTD	100% Mineral Rights all Minerals
LOVES FIND	M08/286	SMW-3 PTY LTD	100% Mineral Rights all Minerals
LOVES FIND	M08/287	SMW-3 PTY LTD	100% Mineral Rights all Minerals
KILBA WELL	M08/314	SMW-3 PTY LTD	100% Mineral Rights all Minerals
GREEN GATE GRANITE	M08/493	SMW-3 PTY LTD	100% Mineral Rights except Granites
GREEN GATE GRANITE	L08/82	SMW-3 PTY LTD	100% Mineral Rights except Granites
GREEN GATE GRANITE	L08/83	SMW-3 PTY LTD	100% Mineral Rights except Granites
GREEN GATE GRANITE	L08/84	SMW-3 PTY LTD	100% Mineral Rights except Granites
Mt MURRAY 2	E08/2448	TUNGSTEN MINING	Pending Application
KOOLYANOBBING	E77/1823	TUNGSTEN MINING	100% Mineral Rights all Minerals
KOOLYANOBBING	E77/1824	TUNGSTEN MINING	100% Mineral Rights all Minerals
KOOLYANOBBING	E77/1852	TUNGSTEN MINING	100% Mineral Rights all Minerals
KOOLYANOBBING	E77/1853	TUNGSTEN MINING	100% Mineral Rights all Minerals
KOOLYANOBBING	E77/1854	TUNGSTEN MINING	100% Mineral Rights all Minerals
KOOLYANOBBING	E77/1855	TUNGSTEN MINING	100% Mineral Rights all Minerals
KOOLYANOBBING	E77/2021	TUNGSTEN MINING	100% Mineral Rights all Minerals
KOOLYANOBBING	E77/2022	TUNGSTEN MINING	100% Mineral Rights all Minerals
KOOLYANOBBING	E77/2035	TUNGSTEN MINING	100% Mineral Rights all Minerals
CALLIE SOAK	E20/854	TUNGSTEN MINING	Pending Application