



2017 Annual Report





**“We believe this decision
will allow Tungsten Mining
to accelerate the project
development activities at
a time when prices have
dramatically improved.”**

**Gary Lyons
Chairman**

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About Tungsten Mining

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

Tungsten (chemical symbol W), occurs naturally on Earth, not in its pure form but as a constituent of other minerals, only two of which support commercial extraction and processing - wolframite ((Fe, Mn)WO₄) and scheelite (CaWO₄).

Tungsten has the highest melting point of all elements except carbon – around 3400°C giving it excellent high temperature mechanical properties and the lowest expansion coefficient of all metals. Tungsten is a metal of considerable strategic importance, essential to modern industrial development (across aerospace and defence, electronics, automotive, extractive and construction sectors) with uses in cemented carbides, high-speed steels and super alloys, tungsten mill products and chemicals.

Tungsten Mining has three advanced tungsten projects in Australia: the Mt Mulgine Project in the Murchison region, the Big Hill Project in the Pilbara region and the Kilba Project in the Ashburton region of Western Australia. The Mt Mulgine, Big Hill and Kilba Projects, together contain Mineral Resources reported at a 0.10% WO₃ cut-off grade comprising Indicated Resources of 14.8Mt at 0.21% WO₃ and 35ppm Mo and Inferred Resources of 72.5Mt at 0.17% WO₃ and 220ppm Mo, totalling 87.4Mt at 0.18% WO₃ and 188ppm Mo. This represents more than 15.5 million MTU (metric tonne units) of WO₃ and 16,400 tonnes of contained Molybdenum.

Tungsten Mining is currently identifying opportunities for near term tungsten production, particularly from the Mulgine Hill and Mulgine Trench deposits within the Mt Mulgine Project.



Chairman's Letter

Dear Shareholders,

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

As you may appreciate, like many other mineral commodities, tungsten experienced particularly challenging market conditions in 2015 and 2016. As a company Tungsten Mining maintained faith in the longer term prospects for tungsten and its commitment to project development. It is pleasing to be able to report that tungsten prices (European ammonium paratungstate – APT) have improved by 17% over the 2017 financial year. More significantly, tungsten prices have risen to their highest levels since December 2014 with an increase of 64% since January 2017.

Last year I explained that following the acquisitions completed at the bottom of the cycle in late 2015, management had articulated a vision and Strategic Development Plan for the Mt Mulgine Project, directed towards the production of tungsten concentrate within two years. This strategy aims to produce early cash flow and ensure tungsten production is sustainable long term.

Pleasingly, your Company has made great progress in delivering this plan. The past year has seen development activities continue apace, with drilling and metallurgical test work programs successfully completed, mining studies, environmental surveys and referrals, Research and Development on oxide material and a range of other technical commercial and commercial activities substantially advanced.

The confidence that we have in implementing the Strategic Development Plan was reflected in the strong support from existing and new shareholders support for an entitlements issue. The fully underwritten offer was completed in January 2017 raising \$5.27m before costs and enabled the retirement of debt, utilised to acquire the Mt Mulgine and Big Hill Projects, and maintain momentum in the project development activity.

Similarly, it was confidence in the project and prospects for a continued improvement in the tungsten market that allowed the Company in July 2017 to enter into an agreement with Pilbara Minerals Limited to acquire a modular heavy mineral processing plant. We believe this decision will allow Tungsten Mining to accelerate the project development activities at a time when prices have dramatically improved, yet at the same time materially reduce the capital expenditure required to commence production.

I am also able to report that since the end of the financial year, the Company has been able to announce that the major environmental referrals for the project have been successfully navigated. This achievement when coupled with the agreement to acquire the modular processing plant and a tightening market for the supply of tungsten concentrates augurs well for the prospects for the Company.

We look forward with considerable enthusiasm to the work ahead of us to finalise our project studies and building the team and commercial relationships that will ensure success for Tungsten Mining.

Finally, I would like to acknowledge the continued support of shareholders, particularly those that shared our faith and participated in the entitlement issue late last year. We welcome new shareholders and remain confident that with a clear purpose and well defined strategy, the Company is positioned for growth and future success.

Yours sincerely



Gary Lyons
Chairman



15.5 million MTU

(metric tonne units)
of WO₃

Through exploration and acquisition, the Company has established a portfolio of advanced tungsten projects with Mineral Resources (at a 0.10% WO₃ cut-off) comprising Indicated Resources of 14.8Mt at 0.21% WO₃ and 35ppm Mo and Inferred Resources of 72.5Mt at 0.17% WO₃ and 220ppm Mo, totalling 87.4Mt at 0.18% WO₃ and 188ppm Mo. This represents more than 15.5 million MTU ("metric tonne units") of WO₃ and 16,400 tonnes of contained Molybdenum, providing the platform for the Company to become a globally significant player within the primary tungsten market through the development of low cost tungsten concentrate production.

In January 2017, the Company completed a fully underwritten rights issue to raise \$5.27m before costs. The equity raising enabled the retirement of debt and provided funding to advance the Mt Mulgine Strategic Development Plan.

\$5.27 million

low-cost modular plant

In July 2017, the Company announced that it had agreed terms with Pilbara Minerals Limited for the acquisition of the modular Tabba Tabba heavy mineral processing plant.

The acquisition price is \$600,000, comprising \$300,000 cash payable at settlement and \$300,000 in Tungsten Mining shares ("Consideration Shares").

↑ 67%

The increase in
the tungsten price
from January to
mid-September 2017

Prices for tungsten concentrates have historically tended to follow the same trend as prices for ammonium paratungstate (APT), which is the key intermediary product in the tungsten supply chain. APT prices are quoted on the basis of metric tonne units. A metric tonne unit (mtu) is 10kg. A mtu of tungsten trioxide (WO₃) contains 7.93kgs of tungsten (W). Standard industry grade specification for tungsten concentrate is 65% WO₃.



Review of Operations

Overview

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

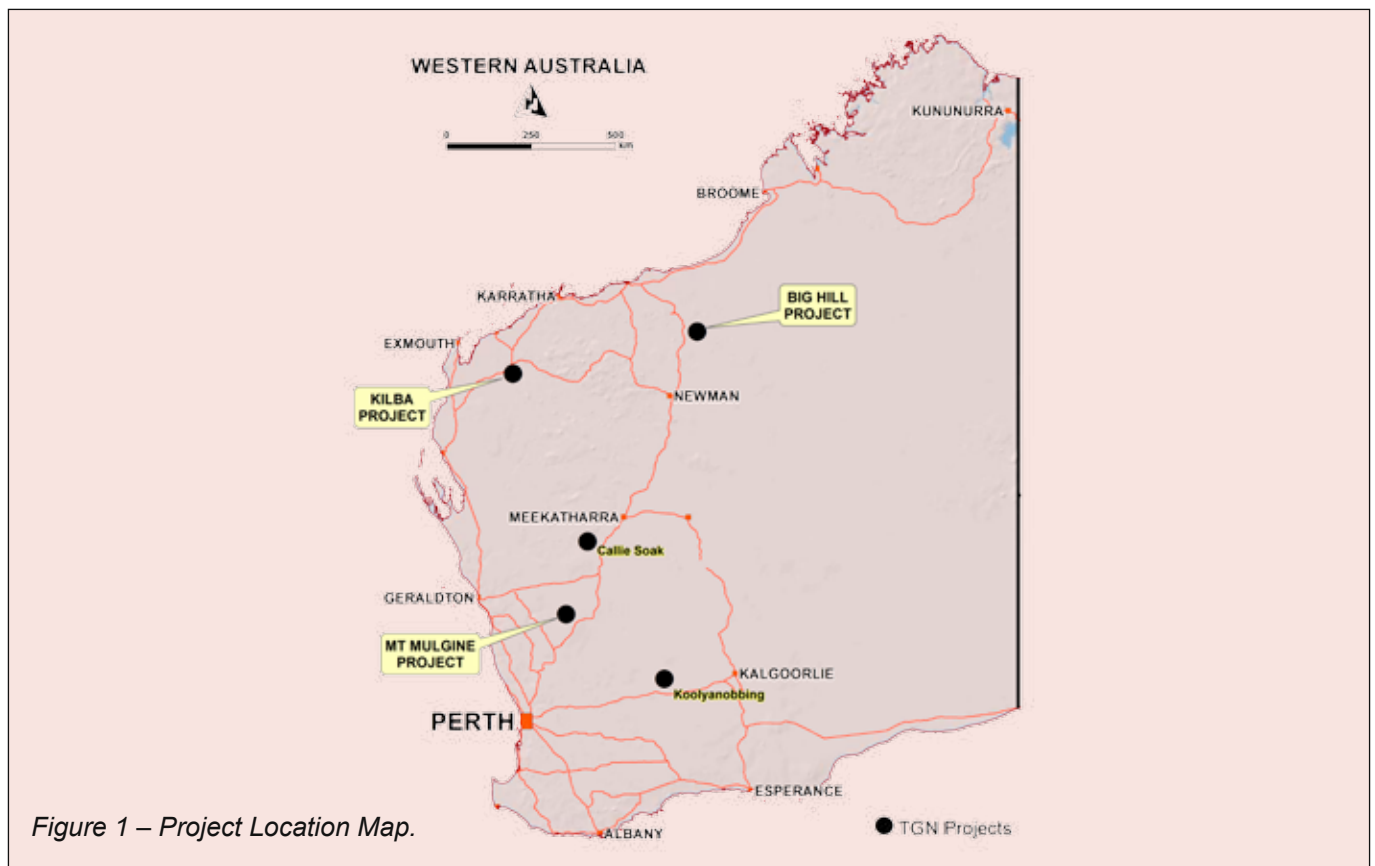
The Company’s vision is to become a world leading developer of low cost tungsten concentrate, providing superior long term returns to our shareholders. The Company aims to achieve this through the acquisition and development of quality deposits, technical excellence in project development, collaboration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

Through exploration and acquisition, the Company has established a portfolio of advanced tungsten projects with Mineral Resources (at a 0.10% WO₃ cut-off) comprising Indicated Resources of 14.8Mt at 0.21% WO₃ and 35ppm Mo and Inferred Resources of 72.5Mt at 0.17% WO₃ and 220ppm Mo, totalling 87.4Mt at 0.18% WO₃ and 188ppm Mo. This represents more than 15.5 million MTU (“metric tonne units”) of WO₃ and 16,400 tonnes

GWR assisted with the acquisition by funding the cash component of the consideration for the asset purchase. This loan was repaid upon its maturity in December 2016.

In mid-2016, the Company outlined its Mt Mulgine Strategic Development Plan, directed at the production of tungsten concentrate within two years. Leveraging off the project’s proximity to existing infrastructure and facilities, a staged development approach was proposed with the initial focus on the Mulgine Hill deposit, while concurrently progressing metallurgical test work and development activities on the significantly larger Mulgine Trench deposit.

This strategy aims to produce early cash flow and ensure tungsten production is sustainable long term. Details of activities and progress towards these objectives are set out below under the heading titled “Mt Mulgine Project, Murchison WA”.



of contained Molybdenum, providing the platform for the Company to become a globally significant player within the primary tungsten market through the development of low cost tungsten concentrate production.

In December 2015, Tungsten Mining completed the acquisition of the Mt Mulgine and Big Hill Projects from ATC Alloys Limited (formerly named Hazelwood Resources Limited) at a cost of \$1.35 million.

Funding for completion of the acquisition was provided by way of loan by associated entity, GWR Group Limited (“GWR”) pursuant to the terms of a Funding Deed.

In January 2017, the Company completed a fully underwritten rights issue to raise \$5.27m before costs. The equity raising enabled the retirement of debt and provided funding to advance the Mt Mulgine Strategic Development Plan.

The Company’s principal activities during the year were focussed on advancing the Mt Mulgine Strategic Development Plan, market development activities in China and elsewhere, and research & development activities directed at the recovery of tungsten bearing minerals from oxide material at Mt Mulgine.



Tungsten Industry

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

Tungsten, occurs naturally on Earth, not in its pure form but as a constituent of other minerals, only two of which currently support commercial extraction and processing - wolframite ($(\text{Fe,Mn})\text{WO}_4$) and scheelite (CaWO_4). The free element is remarkable for its unique properties, especially the fact that it has the highest melting point of all the elements ($\sim 3,400^\circ\text{C}$). Its high density is 19.3 times that of water, making it among the heaviest metals. Its electrical conductivity at 0°C is about 28% of that of silver, which itself has the highest conductivity, and its coefficient of thermal expansion is the lowest of all metals.



Figure 2: Tungsten carbide cutting tool.

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

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

According to the most recent US Geological Survey (USGS) report on the metal, world mine tungsten (W) production reached 86,400 metric tonnes (t) in 2016, a slight decrease over the prior year. Global tungsten prices trended downward from mid-2013 through most of 2015, however have continued to recover since that time.

China is the largest producer of tungsten, accounting for over 80 percent of the world's total output, and is also the world's largest consumer of the metal. In 2016, mine production in China was reported to total 71,000t of tungsten. After China, production levels drop dramatically, with Vietnam second with 6,000t, followed by Russia (2,600t) and Bolivia (1,400t).

Prices for tungsten concentrates have historically tended to follow the same trend as prices for ammonium paratungstate (APT), which is the key intermediary product in the tungsten supply chain. APT prices are quoted on the basis of metric tonne units. A metric tonne unit (mtu) is 10kg. A mtu of tungsten trioxide (WO_3) contains 7.93kgs of tungsten (W). Standard industry grade specification for tungsten concentrate is 65% WO_3 .

Tungsten prices have firmed in 2017 with the quoted price for APT increasing by approximately 50% from their low point in late 2015. Increasingly, the availability of tungsten concentrates is reported as being constrained with limited sources outside of China. Within China itself, stricter environmental controls, increasing costs and inclement weather have impacted production recently.

Mt Mulgine Project, Murchison WA

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

Two near surface Mineral Resources have been delineated by previous explorers at the Mulgine Trench and Mulgine Hill deposits. Currently, there is a combined Mineral Resource estimate of 70.9Mt at 0.18% WO_3 and 230ppm Mo (0.10% WO_3 cut-off). A breakdown of this resource is presented in the Annual Statement of Mineral Resources and Ore Reserves on page 15 of this report.

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





Figure 3: Mt Mulgine with Mulgine Hill in the mid-ground of the image.

Geology

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

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

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

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

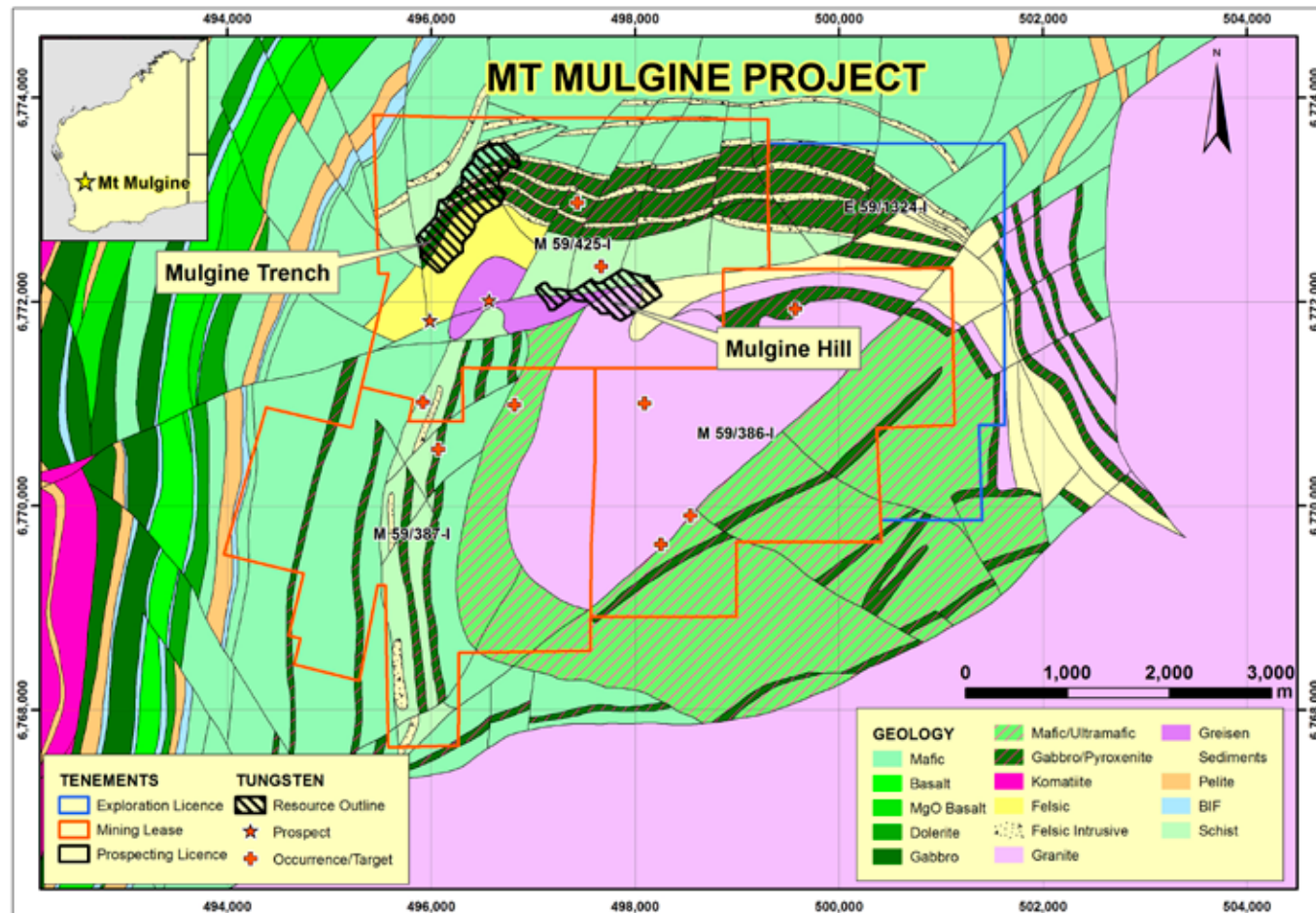


Figure 4: Mt Mulgine Project Geology.



Exploration and Development Activity

The Company has developed a Strategic Development Plan for the Mt Mulgine Project, directed towards the production of tungsten concentrate by the end of 2018. The following activities were completed during the year:

- Reverse Circulation (“RC”) drill testing of shallow mineralisation at Mulgine Hill and at Mulgine Trench to test tungsten mineralisation adjacent to and beneath the Bobby McGee pit and in stockpiled material from recent gold mining activities at Bobby McGee;
- Diamond drilling to provide representative sample for metallurgical test work on both fresh and oxide material;
- Sampling and assaying of historical diamond core to add to existing intersections plus identify new zones of mineralisation;
- Update of the Mulgine Hill Mineral Resources Estimate and geological block model incorporating the introduction of a high-grade sub-domain for the Main Zone and a Mineral Resource reporting constraint addressing the prospects for eventual economic extraction;
- Mineralogical studies on mineralised fresh material recovered from Mulgine Hill to confirm the type of tungsten mineralisation, particle size and to streamline the metallurgical test work program.
- Mineralogical studies on mineralised oxide material recovered from Mulgine Trench to support planned research into the nature and potential extraction methods of tungsten minerals in the oxide/weathered zone of the deposits;
- X-ray ore sorting trials as a means of pre-concentrating the mineralised material;
- Metallurgical test work program to recover tungsten by conventional gravity, flotation and/or “whole of ore” flotation methods;
- Completion of mining study and pit optimisations to assess different cut-off grades and mining rates.
- Determine the requirements to re-commission historical shafts at Mulgine Hill as a low cost means to recover sample for pilot plant test work;
- Development of a high-level flow sheet design, process design criteria and mass balance to enable compilation of a budget level capital cost and operating cost estimate of a processing plant.
- Completion of flora and fauna surveys and preparation and submission of State and Federal environmental referrals for mining and processing activities at Mt Mulgine;
- Advancing discussions concerning sharing of existing mine infrastructure to minimise capital expenditure and expedite development; and
- Discussions and test work with potential off-take parties.

In addition, R&D studies were commissioned and undertaken at CSIRO on oxide/weathered material from Mulgine Hill and Trench deposits. Preliminary leaching tests were conducted on ten samples taken from the oxide zone as a first step in determining an extraction methodology of non-scheelite/wolframite tungsten bearing minerals.

Notably, following the end of the financial year, the Company announced that it had agreed terms with Pilbara Minerals Limited for the acquisition of a modular heavy mineral processing plant (refer ASX announcement 21 July 2017). The acquisition represents a step change reduction in the capital requirements for project development and will deliver a competitive advantage to support initial market entry.

Also following year end, the Company announced on 10 August 2017 that it had secured major Federal and State Government environmental approvals, ensuring the project schedule remains on schedule.



Mulgine Hill

Drilling and Core Sampling program

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

During August 2016, the Company drilled 26 RC holes for 1,007 metres and five large diameter (PQ) diamond holes for 202.4 metres at Mulgine Hill to test shallow tungsten mineralisation (refer ASX Announcement 23 September 2016).

Results from this drilling were encouraging, intersecting thick zones of tungsten mineralisation at all target areas. Drilling confirmed continuity of mineralisation within the existing Mineral Resource, plus defined extensions in both fresh and weathered material along strike and down dip.

Since April 2016, the Company has sampled 1,956 metres of historical un-sampled BQ and NQ core and submitted them for tungsten analysis. Results from this sampling were considered highly encouraging, adding

to existing intersections plus identifying new zones of mineralisation. A total of 260 samples returned assays greater than 0.05% WO₃ that were either adjacent to existing intersections or in a new intersection of 2 metres at 0.05% WO₃ or better. These 260 samples averaged 0.12% WO₃ and included results of 10.9m at 0.14% WO₃, 10.7m at 0.11% WO₃ and 8.6m at 0.24% WO₃.

Resource Update

Interpretation of all new data collected since the June 2016 Mulgine Hill Mineral Resource estimate was completed during the June 2017 quarter. Specialist Mineral Resource consultants, Optiro Pty Ltd were engaged to update the Mulgine Hill Mineral Resource estimate. Two new components were added to the 2017 Mineral Resource estimate, comprising the introduction of a high-grade sub-domain for the Main Zone and a Mineral Resource reporting constraint addressing the prospects for eventual economic extraction.

The Mineral Resource estimate for Mulgine Hill as of 30 June 2017 is 7.1Mt at 0.23% WO₃ and 98 ppm Mo (refer to ASX announcement dated 28 July 2017). A breakdown of the Mineral Resource is presented in Table 1 below.

Table 1: JORC-2012 Mineral Resource estimates for Mulgine Hill.

Tungsten Mining NL Mulgine Hill Deposit – 30 June 2017				
Classification	Oxidation	Tonnes	WO ₃ %	Mo ppm
Indicated	Oxide	200,000	0.26	101
	Fresh	3,900,000	0.25	89
Sub-Total		4,100,000	0.25	90
Inferred	Oxide	600,000	0.22	130
	Fresh	2,300,000	0.18	104
Sub-Total		3,000,000	0.19	110
Total	Oxide	800,000	0.23	123
	Fresh	6,200,000	0.22	95
		7,100,000	0.23	98

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

A comparison between the previous and current Mineral Resource estimates for the Mulgine Hill deposit is included in the Annual Mineral Resources and Ore Reserves Statement on page 15. Further evaluation of the geological data in 2017 led to the introduction of a spatially discrete high grade core within the Main Zone

of mineralisation in the later model. The combination of the new high-grade sub-domain, pit shell constraint and drilling completed by the Company has resulted in a 16% reduction of tonnes, 21% increase in grade and 6% increase in contained WO₃.



Mineralogical Studies and Metallurgical Testwork

Five large diameter PQ diamond holes were drilled in the August 2016 drilling campaign to provide representative material for metallurgical test work from the mafic schist unit and overlying greisen. Work was completed on this material, with the major objective to confirm previous metallurgical studies that indicated conventional treatment produces a saleable WO_3 concentrate at Mulgine Hill.

Nineteen samples from this core were chosen, based on the presence of visible scheelite under UV light, different host rock and scheelite particle size and sent for mineralogical examination.. Polished thin sections were then prepared and examined using Scanning Electron Microscopy ("SEM").

The dominant lithologies were greisen (muscovite quartz feldspar), mafic schist and quartz veins. Eighteen of the nineteen samples contained detectable tungsten mineralisation present as predominantly scheelite with traces of wolframite and the lead tungstate, stolzite.

The scheelite was present in a wide range of angular grainsizes, ranging from less than 100 μm (micron), to 13mm in one sample. The vast majority of scheelite particles are less than 300 μm , however in terms of mass, greater than 90% of the scheelite mass exists in the plus 1mm size fraction. Following completion of the mineralogical studies a program of x-ray ore sorting trials, gravity concentration and flotation test work was undertaken.

A combination of x-ray sorting, gravity concentration and ambient temperature and pressure flotation has produced a concentrate grade of 50.7% WO_3 for the schist composite and 48.3% WO_3 for the greisen composite. As there was insufficient greisen flotation concentrate sample for cleaning via flotation, the concentrate was instead upgraded using heavy liquid separation.

Both final concentrate grades are in line with the test work target grade of 50-55% WO_3 .

"Whole of ore" flotation test work was completed on ~50kg sub samples of the schist and greisen composites with the results showing that the ore sorting/gravity/flotation methodology produced superior WO_3 concentrate grades and yields compared to the "whole of ore" flotation results. As a result, the ore sorting/gravity/flotation will be the preferred extraction methodology in future test work programs.

Given the scoping level nature of the testwork program and the encouraging WO_3 concentrate grade and yield (73%), future "bulk sample size" testwork programs will focus on the optimisation of the existing testwork parameters including x-ray ore sorting machine optimisation, particle liberation size, regrinding of rougher middlings and tailings, and locked cycle flotation testing using optimised flotation conditions.

Capital and Operating Cost Estimation

At the completion of the metallurgical test work program, a high level flowsheet design, process design criteria and mass balance was presented to various industry vendors

to provide a budget level capital and operating cost estimate of the equipment required. A techno economic model of the project was then developed.

Acquisition of Modular Processing Plant

Following the end of the financial year, in July 2017, the Company announced that it had agreed terms with Pilbara Minerals Limited for the acquisition of the modular Tabba Tabba heavy mineral processing plant.

The processing plant was specifically designed and built in modules to recover a variety of heavy mineral concentrates, including tungsten, and to allow for simple installation of additional modular units if required. The plant was constructed in 2015 but decommissioned in early 2016 following suspension of the tantalum project by Pilbara Minerals. The plant and associated infrastructure were subsequently dismantled, relocated and stored at Pilbara Minerals' Pilgangoora site, south of Port Hedland.



Figure 5: Bank of spirals in modular processing plant (in-situ prior to dismantling and relocation).

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

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

Given its recent construction and limited use, the plant is in excellent condition and has been stored on concrete pads and/or modular footings at Pilgangoora, ready for transport.



The Company believes the processing plant acquisition represents a step change in the capital requirements for project development and will deliver a competitive advantage to support initial market entry. Metallurgical test work has confirmed that the plant has the required configuration for the proposed Mulgine Hill operation.

The acquisition price is \$600,000, comprising \$300,000 cash payable at settlement and \$300,000 in Tungsten Mining shares ("Consideration Shares").

The Consideration Shares are to be issued in two tranches, with the first tranche equating to \$150,000 (3,750,000 shares) to be issued at a deemed price of \$0.04 per share. The second tranche, representing deferred consideration equating to \$150,000, is to be issued six months after settlement at an issue price being the lesser of \$0.04 per share and the five-day volume weighted average price immediately preceding the date of issue.

The Company views the acquisition of the processing plant as a major step forward to fast-tracking the development of the Mt Mulgine Project, with a target of first tungsten concentrate production before the end of 2018.

Environmental Approvals

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

The Federal Government advised the Company that, under the Environment Protection and Diversity Act 1999, it had assessed the Company's proposed action to clear native vegetation to allow for open mining pits, a processing plant, office, water storage facilities, run-of-mine pad, waste rock landforms, mineralised oxide landform and a tailings storage facility.

The Federal Government declared that the proposed activities did not constitute a controlled action and no further assessment is required.

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

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

These decisions represent major milestones in the project schedule and enable the standard permitting and approvals process (including the Mining Proposal and Native Vegetation Clearing Permit) to continue through the normal course with the Department of Mines, Industry Regulation and Safety as anticipated.

Set out below is the current work project schedule:

Task	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18
Geology and resource development									
Metallurgy									
Engineering									
Pilot Scale Testwork									
Project management, permitting and approvals									
Marketing and Commercial									
Mining									
Production									

Figure 6: Mt Mulgine proposed development timetable.





Figure 7: Diamond Drilling at Mulgine Hill – August 2016.

Mulgine Trench

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

The Company's immediate strategy at Mulgine Trench is to target potentially low strip ratio fresh tungsten and molybdenum mineralisation beneath and adjacent to the

Bobby McGee pit and gain a greater understanding of the Mulgine Trench oxide layer.

During August 2016, the Company drilled 9 RC holes for 476 metres at Mulgine Trench to test tungsten mineralisation adjacent to and beneath the Bobby McGee pit (Figure 8). Results from this drilling have been extremely encouraging, intersecting substantial thicknesses of low to medium grade tungsten mineralisation including 72 metres at 0.16% WO_3 and 0.02% Mo from surface in MMC030.

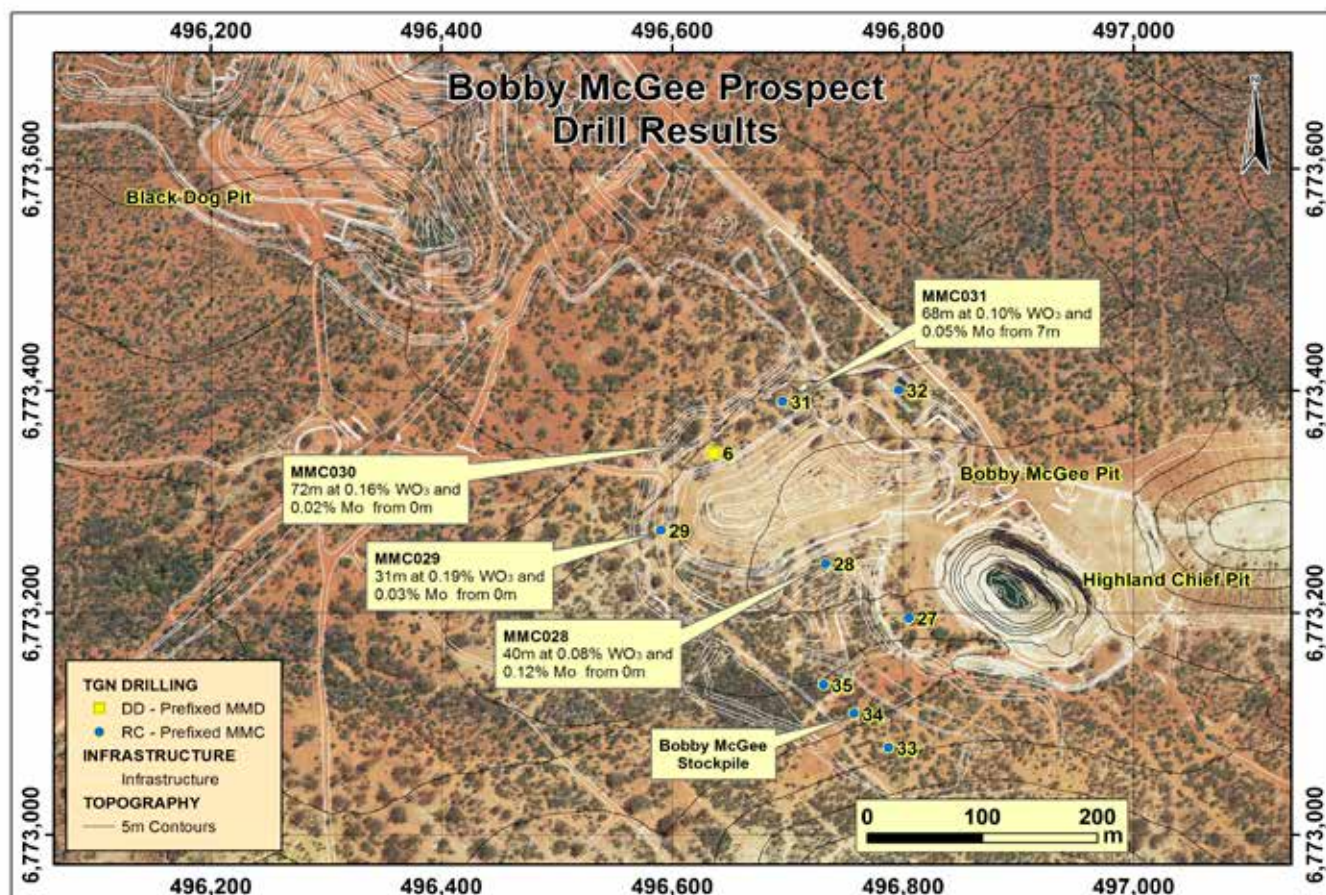


Figure 8 – Plan displaying better results from Tungsten Mining's drilling around the Bobby McGee pit and the location of BDD006.



Diamond Drilling

In August 2016, the large diameter (PQ) diamond hole MMD006 was drilled to provide material for metallurgical studies of the oxide layer at Mulgine Trench. This hole twinned MMC030, which assayed 32 metres at 0.13% WO₃ over the corresponding interval.

Four samples from MMD006 containing tungsten mineralisation were examined to determine the mineralogy and distribution of tungsten in the Mulgine Trench oxide layer, the details of which are described further below.

Oxide/Weathered Layer R&D Studies

The quantity of oxidised tungsten minerals in the oxide layer is equivalent to the scheelite found in the fresh material and represents significant upside potential to the project, if an economic extraction methodology can be proven.

Preliminary assessment of tungsten/molybdenum leachability undertaken at CSIRO for drill core samples

taken from the oxide/weathered layer at Mt Mulgine indicated variability in the extraction of tungsten. Encouragingly, high extraction rates, greater than 75%, of contained molybdenum and tungsten were achieved under simple acid and caustic leaching conditions on a number of samples.

Discussions with CSIRO regarding the outcomes of the preliminary leaching tests has resulted in a commitment to progress to a second stage of testwork.

The testwork program will seek to examine the mineralogical associations of the tungsten and obtain a better understanding of tungsten deportment between the host minerals. This information will then be used to determine the most effective method for concentrating minerals that host tungsten prior to leaching and recovery. It is expected that this next phase of work will focus upon samples of mineralised material from the Hill deposit, given its priority in the planned mining activities.

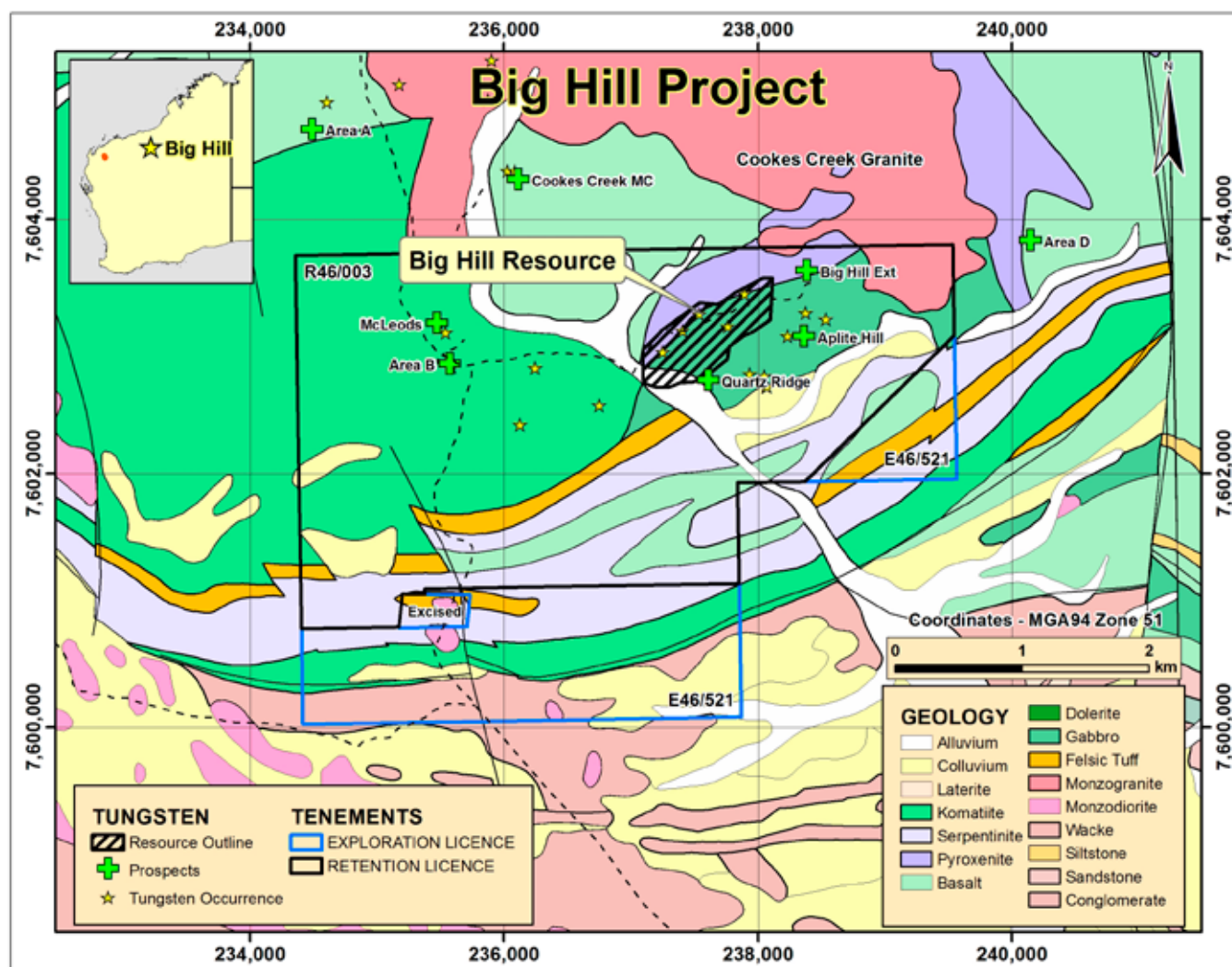


Figure 9: Big Hill project geology.



Big Hill Project, Eastern Pilbara, WA

The Big Hill Project area is located approximately 30 km northeast of the Nullagine township in the Eastern Pilbara region of Western Australia. The project contains the Big Hill deposit, where 22,871 metres of diamond and RC drilling have defined a JORC-2012 Mineral Resource estimate of 11.5Mt at 0.15% WO₃. A breakdown of this resource is presented in the Annual Statement of Mineral Resources and Ore Reserves on page 15 of this report.

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

Geology

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

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

Work Program

The Big Hill Project was acquired in December 2015

as a component of a transaction that also included the Mt Mulgine Project. Since acquiring the project the Company has completed a program of data validation and consolidation and in June 2016 published an updated Mineral Resource estimate in accordance with JORC-2012 guidelines.

Consistent with its strategy of focussing on the development of the Mt Mulgine Tungsten Project, work at Big Hill has been limited to that described above and engaging with members of the Njamal Native Title Claimant Group, the traditional custodians for the land on which the Big Hill Project is located. A site inspection was undertaken by Company personnel and six members of the Njamal in July 2016.

The site visit followed an earlier meeting in Port Hedland in May 2016 and presented an opportunity for the Company, as new owners of the Big Hill Project, to meet with the Njamal and discuss the Company's plans, including a proposed Retention Licence application (holding title for an identified mineral resource), being a conversion of part E46/521-I. In March 2017 Company representatives met in Port Hedland with the Njamal Claimant Group and executed a formal heritage agreement for the Big Hill Project tenements. Retention Licence R46/3 was granted in April 2017 over the Big Hill Project with an initial three year term and no expenditure commitment.

Kilba Project, Ashburton Region, WA

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

This work has defined a JORC-2012 compliant Mineral Resource of 5.0Mt at 0.24% WO₃ (0.10% WO₃ cut-off). A breakdown of this resource is presented in the Annual Statement of Mineral Resources and Ore Reserves on page 15 of this report. The Mineral Resource is located on the Company's 100%-owned Mining Lease 08/314.

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

Geology

Tungsten mineralisation at Kilba is associated with skarns and calc-silicate units that wrap around the Kilba granite forming a dome structure. These skarns and calc-silicate units occur in a 40 to 100 metre wide carbonate-rich unit of the Morrissey Metamorphic suite and recent mapping has defined significant strike lengths of this unit around the Kilba granite. Drilling has only targeted a small portion of mapped skarns and there is excellent potential to discover additional tungsten mineralisation.

In January 2015 (see ASX announcement dated 30 January 2015), the Company announced an updated JORC-2012 Mineral Resource estimate of Indicated Resources of 4.1Mt at 0.25% WO₃ and Inferred Resources of 0.8Mt at 0.20% WO₃ for a combined Mineral Resource of 5.0Mt at 0.24% WO₃ at Zones 8, 11 and 12 of the Kilba Project. The infill drilling has taken the confidence level to 86% of contained metal falling within the Indicated category.



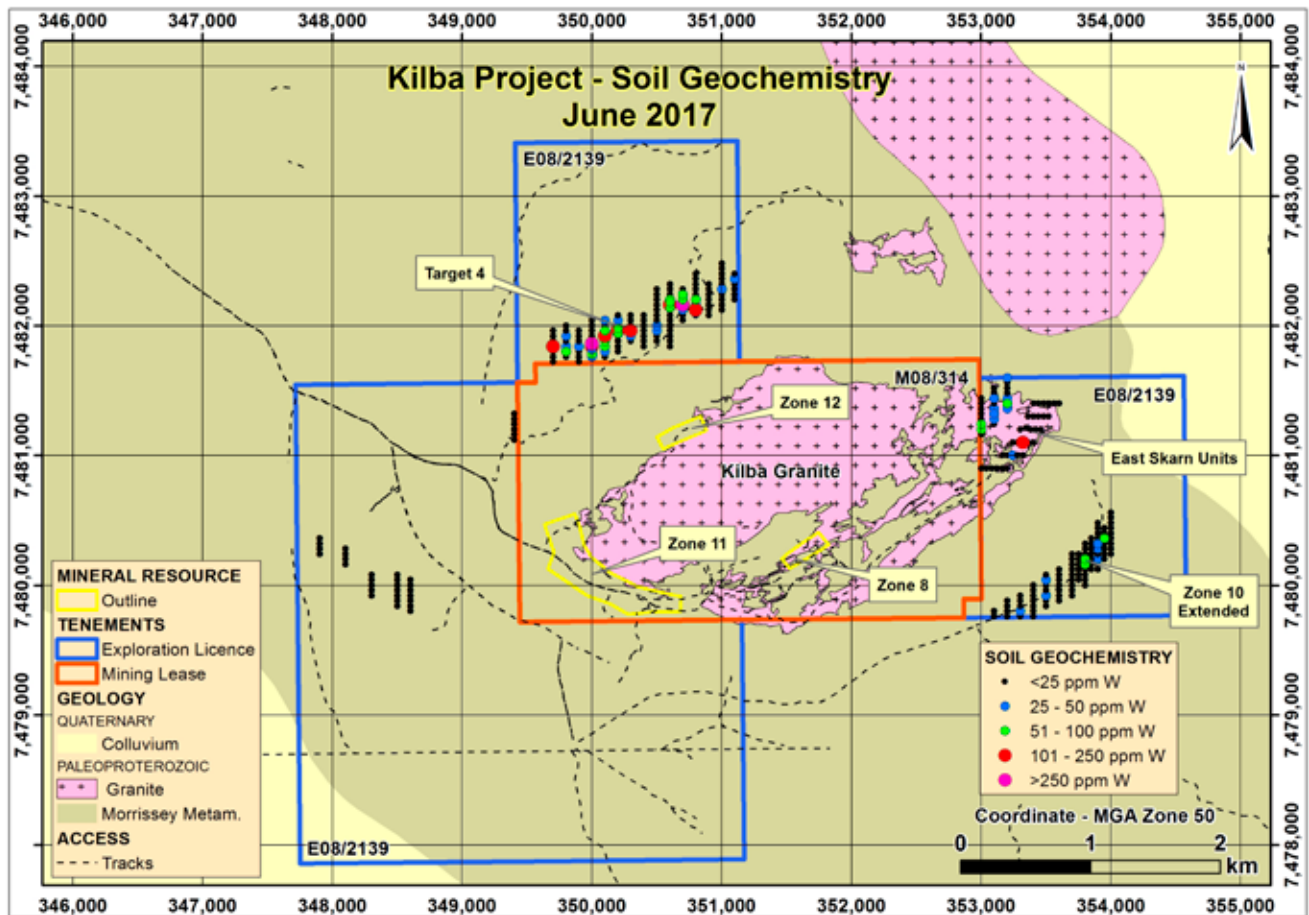


Figure 10: plan displaying location of recent soil geochemistry and Mineral Resource at the Kilba Project.

Metallurgical Test Work

The investigative metallurgical test work program completed in June 2015 showed pre-scalping using dense media separation was successful in removing 19% of the feed mass for a loss of only 1% WO_3 . This will enable a significant reduction in the plant footprint, capital and operating costs.

Subsequent beneficiation test work upgraded the WO_3 in the concentrate to 76.6%. Future metallurgical test work will focus on increasing the recovery of WO_3 from the middlings and tailings stream of the circuit.

Regional Targets

During the June quarter, a soil survey was conducted over a number of regional targets on Exploration Licence E08/2139. Results defined anomalous tungsten that warrants further investigation. At Target 4, anomalous tungsten up to 355 ppm has been defined over a strike length of 1.2 kilometres associated with calc-silicates and skarn units. Rock chip samples from these units assayed up to 0.89% WO_3 .

Soil sampling over the Eastern Skarns defined elevated tungsten that justifies infill and extension soil sampling.

In May 2017, pursuant to the Mining Act, the WA Department of Mines, Industry Regulation and Safety approved an exemption from expenditure for M08/314 until January 2021.

Other Projects

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

Competent Person's Statement

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



Annual Mineral Resources and Ore Reserves Statement

As at 30 June 2017

Annual Review

The Company has conducted a review of its Mineral Resources and Ore Reserves. As set out below, this review reveals no material change to the Mineral Resource and Ore Reserve information previously announced in the Company's 2016 Annual Report. Details of the Mineral Resources for the Mt Mulgine, Big Hill and the Kilba projects are set out below.

Mt Mulgine Project

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

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

Mineral Resources

As at 30 June 2017, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

Mt Mulgine Mineral Resource estimate based on a 0.10% WO₃ cut-off grade

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

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

The Mineral Resource Statement for the Mulgine Trench prospect was published by Hazelwood (refer ASX announcement - 5 November 2014), whilst the Mineral Resource Statement for the Mulgine Hill prospect was published in the ASX announcements of the Company on 28 July 2017. The Company confirms it is not aware

of any new information or data that materially affects the information and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed.



Big Hill Project

The Big Hill Project area is located approximately 30 km northeast of the Nullagine township in the Eastern Pilbara of Western Australia. In June 2016 the Company

published an updated mineral resource estimate for Big Hill in accordance with JORC-2012 guidelines.

Mineral Resources

As at 30 June 2017, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

Big Hill Mineral Resource estimate based on a 0.10% WO₃ cut-off grade.

Prospect	Class	Tonnes '000 t	WO ₃ %	WO ₃ t
Big Hill	Indicated	6,200	0.16	9,900
	Inferred	5,300	0.13	6,900
	Total	11,500	0.15	16,800

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

The Mineral Resource Statement for the Big Hill prospect was announced by the Company on 22 June 2016 and prepared in accordance with the 2012 edition of the JORC Code. The Company confirms it is not aware of any new information or data that materially affects

the information and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed.

Kilba Project

The Kilba Project is located within the Ashburton Region of Western Australia, 320 km northeast of the regional centre of Carnarvon, and 250km southwest of the town

of Karratha. The project area hosts tungsten deposits at Zone 8, Zone 11 and Zone 12.

Mineral Resources

As at 30 June 2017, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

Kilba Mineral Resource estimate based on a 0.10% WO₃ cut-off grade.

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

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



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

Comparison of Ore Reserve and Mineral Resource against the 2016 Annual Report.

The Company reported Indicated and Inferred Mineral Resources at the Mount Mulgine, Kilba, and Big Hill projects in the 2016 Annual Report. Following drilling and sampling at Mulgine Hill, the Company published an updated Mineral Resource estimate for Mulgine Hill in July 2017. This resulted in a reduction in tonnes, but a 21% increase in grade for similar contained tungsten metal.

A comparison of the Company's current Ore Reserve and Resource holdings against the 2016 Annual Report is tabulated below.

Comparison of Mineral Resources against the 2016 Annual Report (0.10% WO₃ cut-off grade).

Zone	Category	30 June 2016				30 June 2017			
		Tonnes	WO ₃	WO ₃ Metal		Tonnes	WO ₃	WO ₃ Metal	
		'000 t	%	t	%	'000 t	%	t	%
Mulgine Trench	Indicated	400	0.14	500	0.5%	400	0.14	500	0.5%
	Inferred	63,400	0.17	110,500	99.5%	63,400	0.17	110,500	99.5%
	Total	63,800	0.17	111,100	100.0%	63,800	0.17	111,100	100.0%
Mulgine Hill	Indicated	4,700	0.21	9,900	64%	4,100	0.25	10,300	63%
	Inferred	3,700	0.15	5,600	36%	3,000	0.19	5,700	37%
	Total	8,500	0.19	16,200	100%	7,100	0.23	16,300	100%
Big Hill	Indicated	6,200	0.16	9,900	59%	6,200	0.16	9,900	59%
	Inferred	5,300	0.13	6,900	41%	5,300	0.13	6,900	41%
	Total	11,500	0.15	16,800	100%	11,500	0.15	16,800	100%
Kilba	Indicated	4,100	0.25	10,400	86%	4,100	0.25	10,400	86%
	Inferred	830	0.20	1,700	14%	830	0.20	1,700	14%
	Total	5,000	0.24	12,100	100%	5,000	0.24	12,100	100%
Total	Indicated	15,400	0.20	30,700	20%	14,800	0.21	30,800	20%
	Inferred	73,230	0.17	124,700	80%	72,500	0.17	124,900	80%
	Total	88,600	0.18	156,700	100%	87,400	0.18	156,100	100%

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



Governance and Internal Controls - Reserve and Resource Calculations

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

No further mineral resource estimations or upgrading work has been undertaken on the Company's Mulgine Hill, Kilba or Big Hill projects since the estimates reported on 30 January 2015, 22 June 2016 and 28 July 2017 respectively, and the Company is not aware of any additional information that would have a material effect on these estimates as reported.

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

Due to the nature, stage and size of the Company's existing operations, the Board believes there would be no efficiencies gained by establishing a separate mineral reserves and resources committee responsible

for reviewing and monitoring the Company's processes for calculating mineral reserves and resources and for ensuring that the appropriate internal controls are applied to such calculations.

Competent Person's Statement

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



Schedule of Interests in Mining Tenements

Tenement Name	Tenement	Holder	Interest Held at 30 Jun 2017
Moodong Well	E08/2139	SM3-W Pty Ltd	100%
Kilba Well	M08/314	SM3-W Pty Ltd	100%
Koolyanobbing	E77/2035	Tungsten Mining NL	100% mineral rights for tungsten, 20% for other commodities
Koolyanobbing*	E77/2279	Lithium Australia NL	100% mineral rights for tungsten, 20% for other commodities
Callie Soak	E20/854	Tungsten Mining NL	100%
Mt Mulgine**	E59/1324-I	Minjar Gold Pty Ltd	100% mineral rights for tungsten and molybdenum
Mt Mulgine**	M59/386-I	Minjar Gold Pty Ltd	100% mineral rights for tungsten and molybdenum
Mt Mulgine**	M59/387-I	Minjar Gold Pty Ltd	100% mineral rights for tungsten and molybdenum
Mt Mulgine**	M59/425-I	Minjar Gold Pty Ltd	100% mineral rights for tungsten and molybdenum
Big Hill	L46/70	Pilbara Tungsten Pty Ltd	100%
Big Hill	E46/521-I	Pilbara Tungsten Pty Ltd	100%
Big Hill	R46/3	Pilbara Tungsten Pty Ltd	100%

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

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







DIRECTORS' REPORT 2017

Directors' Report

The directors of Tungsten Mining NL ("Tungsten Mining" or "the Company") present their report for Tungsten Mining NL, comprising the Company and the entities it controls ("the Group"), for the year ended 30 June 2017.

Directors

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

Names, qualifications, experience and special responsibilities



Gary Lyons Non-executive Chairman

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

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

Present ASX company directorships: GWR Group Limited, Corizon Limited

Previous ASX company directorships: Nil



Kong Leng (Jimmy) Lee Non-executive Director

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

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

Present ASX company directorships: GWR Group Limited, Excelsior Gold Limited

Previous ASX company directorships: Corizon Limited



Chew Wai Chuen Non-executive Director

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

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

Present ASX company directorships: Potash West NL

Previous ASX company directorships: Nil



Directors' Report



Teck Siong Wong Non-executive Director

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

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

Mr Wong is a member of the audit committee.

Present ASX company directorships: Corizon Limited

Previous ASX company directorships (last 3 years): Nil

Company Secretaries



Mark Pitts

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

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



Simon Borck

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

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



Directors' Report

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

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

	Ordinary shares	Unlisted options
	Number	Number
Non-executive Directors		
Gary Lyons	-	4,000,000
Kong Leng (Jimmy) Lee	-	4,000,000
Teck Siong Wong	-	4,000,000
Chew Wai Chuen	625,001	4,104,167

Shares under option

As at the date of this report, there were 90,842,427 unissued ordinary shares under options (2016: Nil). This consisted of 70,642,427 (2016: Nil) vested and 20,200,000 (2016: Nil) unvested options as detailed below:

	Exercise price	Expiry date	Unlisted options outstanding	Vested and exercisable
	\$		Number	Number
Entitlement offer options	0.04	31 Dec 2019	65,592,427	65,592,427
Director options – tranche 1	0.04	23 Dec 2020	3,200,000	3,200,000
Director options – tranche 2	0.05	23 Dec 2020	3,200,000	-
Director options – tranche 3	0.06	23 Dec 2020	9,600,000	-
Employee options – tranche 1	0.04	6 Feb 2021	1,850,000	1,850,000
Employee options – tranche 2	0.05	6 Feb 2021	1,850,000	-
Employee options – tranche 3	0.06	6 Feb 2021	5,550,000	-
Total options on issue			90,842,427	70,642,427

During the year ended 30 June 2017, the Company issued 91,163,177 (2016: Nil) unlisted options, as follows:

- 65,913,177 unlisted options were issued under the non-renounceable entitlement offer announced to the ASX by the Company on 8 November 2016.
- 25,250,000 unlisted options were issued to Directors, Employees and Consultants or their nominees pursuant to the terms approved by shareholders at the 2016 Annual General Meeting under the Company's Director and Employee Option Plans.

During the year ended 30 June 2017, no vested options were converted to ordinary shares. Since the year ended 30 June 2017 to the date of this report, 320,750 options, that were issued under the entitlement offer, were exercised and converted to 320,750 ordinary shares in the Company.

During the year ended 30 June 2017, no (2016: 16,800,000) options expired. No options were cancelled (2016: Nil). Since the balance date to the date of this report no options have been issued, cancelled or have reached expiry. The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares. These unlisted options do not entitle the holder to participate in any share issue of the Company or any other body corporate. Refer to the Remuneration Report for further details of options outstanding for Key Management Personnel (KMP).



Directors' Report

Meetings of directors

The number of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held ¹
Gary Lyons	6	6	2	2
Kong Leng (Jimmy) Lee	6	6	2	2
Chew Wai Chuen	6	6	2	2
Teck Siong Wong	6	6	1	2

1) This includes one Audit Risk and Management Committee meeting that was included in the agenda of a Full Board meeting.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Dividends

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

Principal activities

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

Operating and financial review

Review of operations

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

Operating results for the year

The loss after income tax benefit for the year ended 30 June 2017 was \$2,469,570 (2016: \$1,555,948), which included \$1,464,568 (2016: \$564,351) of exploration expenditure. The financial position of the Group is presented in the attached Consolidated Statement of Financial Position.



Directors' Report

Remuneration Report (Audited)

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

KMP's Remuneration Policy

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

Relationship between Remuneration Policy and Company Performance

Objective

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

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

Structure

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



Directors' Report

Details of Remuneration

Key Management Personnel's remuneration for the year:

	Short-term		Post employment		Share-based payments		Total
	Salary & Fees	Other services	Super-annuation	Retirement Benefits	Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
Non-executive directors							
Gary Lyons							
2017	54,795	-	5,205	-	-	33,868	93,868
2016	54,795	-	5,205	-	-	-	60,000
Chew Wai Chuen							
2017	40,000	-	-	-	-	33,868	73,868
2016	40,000	-	-	-	-	-	40,000
Kong Leng (Jimmy) Lee							
2017	36,530	7,500	3,470	-	-	33,868	81,368
2016	36,530	9,500	3,470	-	-	-	49,500
Teck Siong Wong							
2017	40,000	-	-	-	-	33,868	73,868
2016	15,862	-	-	-	-	-	15,862
Other executives							
Craig Ferrier ⁽¹⁾							
2017	-	-	-	-	-	31,229	31,229
2016	-	-	-	-	-	-	-
Mark Pitts							
2017	-	42,000	-	-	-	4,684	46,684
2016	-	42,000	-	-	-	-	42,000
Simon Borck ^{(1) (2)}							
2017	-	-	-	-	-	6,246	6,246
2016	-	-	-	-	-	-	-
Total Remuneration							
2017	171,325	49,500	8,675	-	-	177,631	407,131
2016	147,187	51,500	8,675	-	-	-	207,362

1) The Group has an agreement for the provision of executive, administration and technical services by GWR Group Ltd ("GWR"). Craig Ferrier and Simon Borck are employees of GWR and, other than share-based payments, are remunerated by that entity for their services provided to the Group.

2) Simon Borck was appointed as Joint Company Secretary on 8 November 2016.



Directors' Report

Share and option based payments

During the year ended 30 June 2017, 22,750,000 (2016: Nil) Options with an exercise price range of \$0.04 to \$0.06 were granted to Key Management Personnel of the Company pursuant to terms approved by shareholders at the 2016 Annual General Meeting. These were granted as detailed below.

	Number Granted	Grant date	Fair value of option at grant date	Expiry date	Vesting date
Non-executive directors					
Gary Lyons					
Tranche 1	800,000	23 Dec 2016	\$0.020	23 Dec 2020	23 Dec 2016
Tranche 2	800,000	23 Dec 2016	\$0.018	23 Dec 2020	23 Dec 2017
Tranche 3	2,400,000	23 Dec 2016	\$0.016	23 Dec 2020	23 Dec 2018
Chew Wai Chuen					
Tranche 1	800,000	23 Dec 2016	\$0.020	23 Dec 2020	23 Dec 2016
Tranche 2	800,000	23 Dec 2016	\$0.018	23 Dec 2020	23 Dec 2017
Tranche 3	2,400,000	23 Dec 2016	\$0.016	23 Dec 2020	23 Dec 2018
Kong Leng Lee					
Tranche 1	800,000	23 Dec 2016	\$0.020	23 Dec 2020	23 Dec 2016
Tranche 2	800,000	23 Dec 2016	\$0.018	23 Dec 2020	23 Dec 2017
Tranche 3	2,400,000	23 Dec 2016	\$0.016	23 Dec 2020	23 Dec 2018
Teck Siong Wong					
Tranche 1	800,000	23 Dec 2016	\$0.020	23 Dec 2020	23 Dec 2016
Tranche 2	800,000	23 Dec 2016	\$0.018	23 Dec 2020	23 Dec 2017
Tranche 3	2,400,000	23 Dec 2016	\$0.016	23 Dec 2020	23 Dec 2018
Other executives					
Craig Ferrier					
Tranche 1	1,000,000	6 Feb 2017	\$0.022	6 Feb 2021	6 Feb 2017
Tranche 2	1,000,000	6 Feb 2017	\$0.020	6 Feb 2021	Refer below
Tranche 3	3,000,000	6 Feb 2017	\$0.018	6 Feb 2021	Refer below
Simon Borck					
Tranche 1	200,000	6 Feb 2017	\$0.022	6 Feb 2021	6 Feb 2017
Tranche 2	200,000	6 Feb 2017	\$0.020	6 Feb 2021	Refer below
Tranche 3	600,000	6 Feb 2017	\$0.018	6 Feb 2021	Refer below
Mark Pitts					
Tranche 1	150,000	6 Feb 2017	\$0.022	6 Feb 2021	6 Feb 2017
Tranche 2	150,000	6 Feb 2017	\$0.020	6 Feb 2021	Refer below
Tranche 3	450,000	6 Feb 2017	\$0.018	6 Feb 2021	Refer below
Total options	22,750,000				



Directors' Report

Share and option based payments (continued)

Employee Options Plan

Under this plan, shareholders at the 2016 Annual General Meeting approved up to 10,000,000 unlisted options to be issued to Employees or their nominees. 6,750,000 unlisted options in total were subsequently issued to KMP of the Company or their nominees during the financial year under this plan. These unlisted options have the following key terms:

- Tranche 1 – 20% of the unlisted options vested on grant, exercisable at \$0.04, expiring 6 Feb 2021.
- Tranche 1 – 20% of the unlisted options will vest on achievement of certain Key Performance Indicators, exercisable at \$0.05, expiring 6 Feb 2021.
- Tranche 3 – 60% of the unlisted options unlisted options will vest on achievement of certain Key Performance Indicators, exercisable at \$0.06, expiring 6 Feb 2021.

Directors Options Plan

Under this plan, shareholders at the 2016 Annual General Meeting approved up to 16,000,000 unlisted options to be issued to Directors or their nominees. 4,000,000 unlisted options were subsequently issued to each of the Directors or their nominees during the financial year under this plan. These unlisted options have the following key terms:

- Tranche 1 – 20% of the unlisted options vested on grant, exercisable at \$0.04, expiring 23 Dec 2020.
- Tranche 2 – 20% of the unlisted options, vesting 23 Dec 2017, exercisable at \$0.05, expiring 23 Dec 2020.
- Tranche 3 – 60% of the unlisted options, vesting 23 December 2018, exercisable at \$0.06, expiring 23 Dec 2020.

Under the Management Fee and Remuneration Sacrifice Share

Under the Management Fee and Remuneration Sacrifice Share Plan ("Plan"), the eligible directors and senior management of the Company may elect to sacrifice part of their directors' fees or consulting fees to acquire shares in the Company. Under the Plan, the relevant directors and senior management will receive the remainder of their directors' fees or consulting fees in cash. As such, the shares will be issued for nil cash consideration and will be valued at fair market value. The Plan rules were approved by shareholders at the Annual General Meeting held in November 2013 for the purposes of ASX Listing Rules. During the 2017 and 2016 financial years, no share based payments occurred under this Plan.

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

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

	Balance at beginning of Year	Granted as compensation during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vest and exercisable at the end of year
Non-executive directors						
Gary Lyons	-	4,000,000	-	-	4,000,000	800,000
Chew Wai Chuen ¹	-	4,000,000	-	-	4,000,000	800,000
Kong Leng Lee	-	4,000,000	-	-	4,000,000	800,000
Teck Siong Wong	-	4,000,000	-	-	4,000,000	800,000
Other executives						
Craig Ferrier	-	5,000,000	-	-	5,000,000	1,000,000
Simon Borck	-	1,000,000	-	-	1,000,000	200,000
Mark Pitts	-	750,000	-	-	750,000	150,000
	-	22,750,000	-	-	22,750,000	4,550,000



Directors' Report

Share and option based payments (continued)

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

	Grant date	Number Granted as compensation	Fair value of granted options at grant date	Number of options vested and exercisable during the year	Number of options vested %
Non-executive directors					
Gary Lyons	23 Dec 2016	4,000,000	69,632	800,000	20%
Chew Wai Chuen ¹	23 Dec 2016	4,000,000	69,632	800,000	20%
Kong Leng Lee	23 Dec 2016	4,000,000	69,632	800,000	20%
Teck Siong Wong	23 Dec 2016	4,000,000	69,632	800,000	20%
Other executives					
Craig Ferrier	6 Feb 2017	5,000,000	94,029	1,000,000	20%
Simon Borck	6 Feb 2017	1,000,000	18,806	200,000	20%
Mark Pitts	6 Feb 2017	750,000	14,104	150,000	20%
		22,750,000	405,467	4,550,000	

1) These options only related to those granted as compensation and do not include 104,167 vested and exercisable \$0.04 unlisted options issued to Mr Chew Wai Chuen under the non-renounceable entitlement offer. These options are not remuneration and were entered into under terms and conditions no more favourable than those the Group would have entered adopted if dealing at arm's length. Mr Chew Wai Chuen's total unlisted option holdings in the Company at reporting date is 4,104,167.

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

Service agreements

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

Agreements with Non-executive Directors

Mr Gary Lyons was appointed as a Non-executive Director on 16 July 2014 and elected Chairman on 5 January 2015. Pursuant to an agreement dated 16 July 2014, his director's fee was initially set at \$40,000 per annum, inclusive of superannuation requirement. The level of directors fees payable to Mr Lyons were increased to \$60,000 per annum, inclusive of superannuation from 5 January 2015, following his election as Chairman. In the event of termination, there is no notice period required.

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

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

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



Directors' Report

Service agreements (continued)

Other

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

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the year ended 30 June 2017.

Shares

Share holdings for KMP

The number of ordinary shares in the Company held by KMP during the 2017 financial year is as follows:

	Balance at beginning of Year	Granted as remuneration	Issued on exercise of options during the year	Other changes during the year ¹	Balance at end of year or cessation of office
Non-executive directors					
Gary Lyons	-	-	-	-	-
Chew Wai Chuen	416,667	-	-	208,334	625,001
Kong Leng (Jimmy) Lee	-	-	-	-	-
Teck Siong Wong	-	-	-	-	-
Other executives					
Craig Ferrier	-	-	-	-	-
Simon Borck	-	-	-	-	-
Mark Pitts	-	-	-	-	-
	416,667	-	-	208,334	625,001

1) These shares were issued under the non-renounceable entitlement offer and were entered into under terms and conditions no more favourable than those the Group would have entered adopted if dealing at arm's length

End of Remuneration Report

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 32 and forms part of this report.

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



Gary Lyons
Chairman
Perth
Dated 21 September 2017



21 September 2017

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

Dear Sirs

RE: TUNGSTEN MINING NL

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

As Audit Director for the audit of the financial statements of Tungsten Mining NL for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

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



Martin Michalik
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

		2017	2016
	Note	\$	\$
Revenue from continuing activities			
R&D tax offset		48,122	495,774
Interest		45,379	29,001
Other		500	-
Total revenue		94,001	524,775
Expenses			
Administration		(662,518)	(679,524)
Exploration		(1,464,568)	(564,351)
Occupancy		(48,000)	(48,000)
Remuneration		(195,238)	(164,986)
Share-based payments	25	(193,247)	-
Capitalised exploration and evaluation costs expensed	11	-	(100,000)
Impairment of assets	11	-	(510,079)
Loss on disposal of property, plant and equipment		-	(13,783)
Loss from continuing operations before income tax		(2,469,570)	(1,555,948)
Income tax benefit	4	-	-
Net loss for the year		(2,469,570)	(1,555,948)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		(2,469,570)	(1,555,948)
Net loss attributable to members of the Parent		(2,469,570)	(1,555,948)
Total comprehensive loss attributable to members of the Parent		(2,469,570)	(1,555,948)
Basic loss per share	7	(0.75)	(0.66)

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

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



Consolidated Statement of Financial Position

As at 30 June 2017

		2017	2016
	Note	\$	\$
Current assets			
Cash and cash equivalents	8	3,188,002	1,558,657
Trade and other receivables	9	46,013	43,494
Total current assets		3,234,015	1,602,151
Non current assets			
Plant and equipment	10	83,179	98,154
Exploration and evaluation	11	2,352,171	2,352,171
Total non current assets		2,435,350	2,450,325
Total assets		5,669,365	4,052,476
Current liabilities			
Trade and other payables	12	220,085	301,867
Interest bearing loan and borrowings	13	-	1,000,000
Total current liabilities		220,085	1,301,867
Total liabilities		220,085	1,301,867
Net assets		5,449,280	2,750,609
Equity			
Issued capital	14	20,588,067	15,613,073
Reserves	15	428,327	235,080
Accumulated losses	16	(15,567,114)	(13,097,544)
Total equity		5,449,280	2,750,609

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



Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
At 1 July 2015	13,599,073	235,080	(11,541,596)	2,292,557
Loss for the year	-	-	(1,555,948)	(1,555,948)
Other comprehensive loss (net of tax)	-	-	-	-
Total comprehensive loss for the year (net of tax)	-	-	(1,555,948)	(1,555,948)
Transactions with owners in their capacity as owners:				
Shares issued	2,110,000	-	-	2,110,000
Share issue transaction costs	(96,000)	-	-	(96,000)
At 30 June 2016	15,613,073	235,080	(13,097,544)	2,750,609
At 1 July 2016	15,613,073	235,080	(13,097,544)	2,750,609
Loss for the year	-	-	(2,469,570)	(2,469,570)
Other comprehensive loss (net of tax)	-	-	-	-
Total comprehensive loss for the year (net of tax)	-	-	(2,469,570)	(2,469,570)
Transactions with owners in their capacity as owners:				
Share-based payments	-	193,247	-	193,247
Shares issued	5,273,054	-	-	5,273,054
Share issue transaction costs	(298,060)	-	-	(298,060)
At 30 June 2017	20,588,067	428,327	(15,567,114)	5,449,280

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



Consolidated Statement of Cash Flows

For the year ended 30 June 2017

		2017	2016
	Note	\$	\$
Operating activities			
Payments to suppliers and employees		(2,371,496)	(1,351,548)
R&D tax offset received		48,122	495,774
Interest received		41,762	23,900
Interest paid		(63,781)	(60,164)
Net cash flows (used in) operating activities	20	(2,345,393)	(892,038)
Investing activities			
Purchase of property, plant and equipment		(756)	(4,850)
Proceeds from sale tenements and interests		500	(1,162,171)
Proceeds from sale of property, plant and equipment		-	18,181
Net cash flows (used in) investing activities		(256)	(1,148,840)
Financing activities			
Share issue costs	14	(298,060)	(96,000)
Proceeds from issue of shares	14	5,273,054	1,920,000
Repayment of borrowings	13	(1,000,000)	-
Proceeds of borrowings	13	-	1,000,000
Net cash flows from financing activities		3,974,994	2,824,000
Net increase in cash and cash equivalents		1,629,345	783,122
Cash and cash equivalents at the beginning of the year		1,558,657	775,535
Cash and cash equivalents at the end of the year	8	3,188,002	1,558,657

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



Notes to Financial Statements for the year ended 30 June 2017

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 2017 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group's principal activities are mineral exploration, evaluation and development.

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

Note 2: Statement of significant accounting policies

(a) Basis of preparation

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

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

The consolidated financial report is presented in Australian dollars.

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

(b) New accounting standards and interpretations

New and amended standards adopted

The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning on or after 1 July 2016 and determined that their application to the financial statements is not relevant or material.

Other standards not yet applicable

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

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

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

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

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



Notes to Financial Statements for the year ended 30 June 2017

(b) New accounting standards and interpretations (continued)

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

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

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

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

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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

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

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

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

The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Other standards not yet applicable

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



Notes to Financial Statements for the year ended 30 June 2017

Note 2: Statement of significant accounting policies (continued)

(c) Critical accounting estimates and judgements

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

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

Recovery of deferred tax assets

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

Mineral acquisition costs

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

(d) Exploration and evaluation expenditure

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

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

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

(e) Plant & Equipment

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

Plant and equipment – over 3 to 25 years

Impairment

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

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



Notes to Financial Statements for the year ended 30 June 2017

Note 2: Statement of significant accounting policies (continued)

(e) Plant & Equipment (continued)

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

Derecognition

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

(f) Income tax

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

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

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

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

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

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

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

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

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



Notes to Financial Statements for the year ended 30 June 2017

Note 2: Statement of significant accounting policies (continued)

(g) Goods and services tax

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

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

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

(h) Provisions and employee benefits

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

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

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

Employee leave benefits

(i) Wages and salaries, annual leave and sick leave

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

(ii) Long service leave

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

(i) Cash and cash equivalents

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

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



Notes to Financial Statements for the year ended 30 June 2017

Note 2: Statement of significant accounting policies (continued)

(j) Receivables

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

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

(k) Revenue recognition

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

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

(l) Contributed equity

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

(m) Trade and other payables

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

(n) Earnings/(Loss) per share

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

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

(o) Investments and other financial assets

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



Notes to Financial Statements for the year ended 30 June 2017

Note 2: Statement of significant accounting policies (continued)

(o) Investments and other financial assets (continued)

(i) Held-to-maturity investments

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

(ii) Loans and receivables

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

(iii) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

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

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

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



Notes to Financial Statements for the year ended 30 June 2017

Note 2: Statement of significant accounting policies (continued)

(p) Impairment of financial assets

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

Available-for-sale investments

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

(q) Leases

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

(r) Share Based Payments

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

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

(s) Going Concern

The Group incurred an operating loss of \$2,469,570 for the year ended 30 June 2017 (2016: \$1,555,948), a net cash outflow from operating activities amounting to \$2,345,393 (2016: \$892,038) and the Group demonstrated its ability to raise funds during the year, with the issue of shares raising \$4,974,994 after costs).

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The directors believe this is appropriate for the following reasons:

- at balance date, the Group had cash and cash equivalents of \$3,188,002 (2016: \$1,558,657) and a working capital surplus of \$3,013,930 (June 2016: \$300,284);
- the Group has the ability to promptly reduce its cash outgoings given the status of work programs and the Group's operating structure;
- the Group during the year and in the prior year has demonstrated the capacity to raise fresh equity to fund exploration and development activities; and
- the Group remains confident it can raise new equity consistent with the funding requirements of planned exploration and development activities.

The Directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash flow to meet all commitments and working capital requirements for the 12 months period from the date of signing this financial report.



Notes to Financial Statements for the year ended 30 June 2017

Note 3: Segment information

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

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

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

Note 4: Income Tax

	2017	2016
	\$	\$
(a) Prima facie income tax benefit at 30% on loss from ordinary activities is reconciled to the income tax provided in the financial statements		
Loss from continuing operations before income tax	(2,469,570)	(1,555,948)
Prima facie tax benefit at the Australian tax rate of 27.50% (2016:30%)	(679,132)	(466,784)
Tax effect of:		
Non-deductible expenses	53,143	38
Non-assessable income	(13,234)	-
Adjustments in the current year in relation to the current tax of previous years	29,408	330,540
Change in corporate tax rate	351,242	-
Capital raising	-	(163,578)
Research and Development Tax Credit	-	(148,732)
Tax losses & temporary differences not brought to account	258,573	448,516
Income tax expense/(benefit)	-	-
(b) Deferred tax assets		
Deferred tax assets that have not be recognised:		
Accrued expenses	4,125	7,560
Employee benefits	597	651
Other future deductions	44,048	128,171
Unused tax losses	4,459,999	4,092,695
	4,508,769	4,229,077
Deferred tax asset not recognised	(4,508,769)	(4,229,077)



Notes to Financial Statements for the year ended 30 June 2017

Note 4: Income Tax (continued)

	2017	2016
	\$	\$
(c) Deferred tax liabilities		
Accrued interest	2,397	1,530
Mining tenements and rights	32,891	12,638
	35,288	14,168
Deferred tax liability not brought to account	(35,288)	(14,168)

Potential deferred tax assets of \$4,508,769 as at 30 June 2017 (2016: \$4,229,077), arising from tax losses and temporary differences have not been recognised as an asset because recovery of these tax losses and temporary differences is not yet probable.

Note 5: Key Management Personnel's remuneration

	2017	2016
	\$	\$
Short-term employee benefits	220,825	198,687
Share-based payments	177,631	-
Post-employment benefits	8,675	8,675
Total KMP compensation	407,131	207,362

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

Note 6: Auditor's remuneration

	2017	2016
	\$	\$
Remuneration of the auditor of the Group for:		
- auditing or reviewing the financial report	28,000	30,069
- under/(over) provision in prior year	742	(69)
	28,742	30,000



Notes to Financial Statements for the year ended 30 June 2017

Note 7: Loss per share

	2017	2016
	\$	\$
Basic loss per share	(0.75)	(0.66)
Loss used in calculating basic loss per share	(2,469,570)	(1,555,948)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic loss per share	330,681,865	236,666,407

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

Note 8: Cash and cash equivalents

	2017	2016
	\$	\$
Cash at bank	188,002	308,657
Term deposits	3,000,000	1,250,000
	<u>3,188,002</u>	<u>1,558,657</u>

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

Note 9: Trade and other receivables

	2017	2016
	\$	\$
Current		
GST receivable	37,295	38,393
Other receivables	8,718	5,101
	<u>46,013</u>	<u>43,494</u>

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



Notes to Financial Statements for the year ended 30 June 2017

Note 10: Plant and equipment

	Office Equipment	Plant and Equipment	Computer Software	Total
	\$	\$	\$	\$

2017

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

	Office Equipment	Plant and Equipment	Computer Software	Total
	\$	\$	\$	\$

2016

Cost	17,289	97,515	24,671	139,475
Accumulated depreciation	(10,461)	(19,730)	(11,130)	(41,321)
	6,828	77,785	13,541	98,154
Opening net carrying value	13,206	111,469	19,726	144,401
Additions	-	4,850	-	4,850
Disposals	(983)	(30,981)	-	(31,964)
Depreciation charge for the year	(5,395)	(7,553)	(6,185)	(19,133)
Closing net carrying value	6,828	77,785	13,541	98,154



Notes to Financial Statements for the year ended 30 June 2017

Note 11: Exploration and evaluation

	2017	2016
	\$	\$
At 1 July 2016	2,352,171	1,610,079
Capitalised exploration and evaluation costs expensed	-	(100,000)
Impairment	-	(510,079)
Acquisition of Mt Mulgine and Big Hill tungsten projects	-	1,352,171
As at 30 June 2017	2,352,171	2,352,171

Impairment

In 2016, the impairment charge of \$510,079 was recognised following activities directed at rationalising the Group's early stage exploration interests due to the prolonged down turn in commodity prices. This impairment charge included tenement and project interest acquisition costs for the Ashburton and Lake Seabrook-Koolyanobbing project that were acquired prior to the Company's initial public offer.

Acquisition of Mt Mulgine and Big Hill Projects

In 2016, the Group acquired the Australian tungsten exploration assets of ATC Alloys Limited (formerly named Hazelwood Resources Limited) comprising of the Mt Mulgine and Big Hill tungsten projects for \$1,352,171. This acquisition cost included vendor consideration of \$1m in cash and 5,000,000 fully paid ordinary shares in the Company, government stamp duty and other transaction costs.

Mineral acquisition costs

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

Note 12: Trade and other payables

	2017	2016
	\$	\$
Current		
Trade payables	201,673	273,280
Accrued interest due to associated entity	-	6,575
Accrued expenses	18,412	22,012
	220,085	301,867

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



Notes to Financial Statements for the year ended 30 June 2017

Note 13: Interest bearing loan and borrowings

	2017	2016
	\$	\$

Borrowings from associated entity	-	1,000,000
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Loan from GWR Group Limited

In 2016, GWR Group Limited, an associated entity, and the Company, entered into a Funding Deed ("Deed"). The Deed provided for GWR Group Limited to advance the principal amount of \$1,000,000 by way of a 12% pa interest bearing unsecured loan to the Company to enable settlement of the acquisition of the Mt Mulgine and Big Hill tungsten projects. This loan was repaid by the Company in the current year pursuant to the terms of the Deed.

Note 14: Issued capital

	2017	2016
	\$	\$

Ordinary shares fully paid	20,588,067	15,613,073
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Capital Management

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



Notes to Financial Statements for the year ended 30 June 2017

Note 14: Issued capital (continued)

Movements in ordinary shares on issue of the Company are:

	2017	2016	2017	2016
	\$	\$	Number	Number
At 1 July 2016	15,613,073	13,599,073	263,652,708	212,652,708
<i>Ordinary Shares</i>				
Issue of shares to ATC Alloys Limited at a fair value of \$0.038 per share for the acquisition of Mt Mulgine and Big Hill Projects.	-	190,000	-	5,000,000
The issue of shares to sophisticated investors at a fair value of \$0.04 per share.	-	1,920,000	-	48,000,000
Buy back shares from Richmond Resources Pty Ltd at a fair value of Nil.	-	-	-	(2,000,000)
The issue of shares under non-renounceable entitlement offer at a fair value of \$0.04 per share	5,273,054	-	131,826,354	-
Cost incurred relating to issue of shares	(298,060)	(96,000)	-	-
At 30 June 2017	20,588,067	15,613,073	395,479,062	263,652,708

Non-renounceable entitlement offer

During the year, 131,826,354 ordinary shares were issued with an issue price of \$0.04 per share, being the acceptances of the non-renounceable entitlement offer announced to the ASX by the Company on 8 November 2016. In addition, in accordance with the terms of the entitlement offer, 65,913,177 unlisted options, exercisable at \$0.04 on or before 31 December 2019, were also issued (see note 15). The total funds raised under this entitlement offer was \$5,273,054 before costs.

Note 15: Reserves

	2017	2016
	\$	\$
Share option reserve	428,327	235,080

Movement in unlisted share options reserve

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



Notes to Financial Statements for the year ended 30 June 2017

Note 15: Reserves (continued)

	Number	WAEP	\$
At 1 July 2015	16,800,000	\$0.384	235,080
Expired options	(16,800,000)	\$0.384	-
At 30 June 2016	-	-	235,080
At 1 July 2016	-	\$0.000	235,080
Options issued under non-renounceable entitlement offer	65,913,177	\$0.040	-
Options issued to Directors (note 25)	16,000,000	\$0.054	135,473
Options issued to employees (note 25)	9,250,000	\$0.054	57,774
At 30 June 2017	91,163,177	\$0.439	428,327

Summary of options

The following table illustrates options granted during the year

	Number granted	Vesting date	Exercise price	Expiry date
Non-renounceable entitlement offer options	65,913,177	N/A	\$0.04	31 Dec 2019
Director options				
Tranche 1	3,200,000	23 Dec 2016	\$0.04	23 Dec 2020
Tranche 2	3,200,000	23 Dec 2017	\$0.05	23 Dec 2020
Tranche 3	9,600,000	23 Dec 2018	\$0.06	23 Dec 2020
Employee options				
Tranche 1	1,850,000	6 Feb 2017	\$0.04	6 Feb 2021
Tranche 2	1,850,000	Refer below	\$0.05	6 Feb 2021
Tranche 3	5,550,000	Refer below	\$0.06	6 Feb 2021
Outstanding at end of financial year	91,163,177			

Non-renounceable entitlement offer options

During the year the Company issued 65,913,177 fully vested and free attaching unlisted options, exercisable at \$0.04 on or before 31 Dec 2019 under the non-renounceable entitlement offer announced to the ASX by the Company on 8 Nov 2016 (see note 14).

Directors options

16,000,000 unlisted options, with a weighted average fair value of \$0.019 at grant date, were issued to Directors during the year, following shareholder approval at the 2016 Annual General Meeting. These unlisted options were granted in three tranches and have the following terms:

- Tranche 1 - 3,200,000 unlisted options vested on grant, exercisable at \$0.04, expiring 23 Dec 2020.
- Tranche 2 - 3,200,000 unlisted options, vesting 23 December 2017, exercisable at \$0.05, expiring 23 Dec 2020.
- Tranche 3 - 9,600,000 unlisted options, vesting 23 December 2018, exercisable at \$0.06, expiring 23 Dec 2020.



Notes to Financial Statements for the year ended 30 June 2017

Note 15: Reserves (continued)

Summary of options (continued)

Employee options

9,250,000 unlisted options were issued to Employees and consultants during the year, following shareholder approval at the 2016 Annual General Meeting. These unlisted options were granted in three tranches and have the following terms:

- Tranche 1 - 1,850,000 unlisted options vested on grant, exercisable at \$0.04, expiring 6 Feb 2021.
- Tranche 2 - 1,850,000 unlisted options will vest on achievement of certain Key Performance Indicators, exercisable at \$0.05, expiring 6 Feb 2021.
- Tranche 3 - 5,550,000 unlisted options will vest on achievement of certain Key Performance Indicators, exercisable at \$0.06, expiring 6 Feb 2021.

Option valuation model inputs

The following table lists the option valuation model inputs into the Black-Scholes model used to determine the valuation of share options issued during the year:

	Director options	Employee options
Weighted average share price	\$0.039	\$0.041
Expected volatility	69%	69%
Risk-Free interest rate	1.71%	1.71%
Expected life of share options	4 years	4 years
Weighted average fair values at measurement date	\$0.017	\$0.019

Vested and exercisable options

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

	Number outstanding	Number vested and exercisable	Exercise price	Expiry date	Remaining contractual life
Non-renounceable entitlement offer options	65,913,177	65,913,177	0.04	31 Dec 2019	2.51 years
Director options					
Tranche 1	3,200,000	3,200,000	0.04	23 Dec 2020	3.49 years
Tranche 2	3,200,000	-	0.05	23 Dec 2020	3.49 years
Tranche 3	9,600,000	-	0.06	23 Dec 2020	3.49 years
Employee options					
Tranche 1	1,850,000	1,850,000	0.04	6 Feb 2021	3.61 years
Tranche 2	1,850,000	-	0.05	6 Feb 2021	3.61 years
Tranche 3	5,550,000	-	0.06	6 Feb 2021	3.61 years
Outstanding at year end	91,163,177	70,963,177			



Notes to Financial Statements for the year ended 30 June 2017

Note 16: Accumulated losses

	2017	2016
	\$	\$
Opening balance	(13,097,544)	(11,541,596)
Net loss for the year	(2,469,570)	(1,555,948)
Accumulated losses at the end of the financial year	(15,567,114)	(13,097,544)

Note 17: Commitments

Exploration

The Group based on the minimum annual commitments pursuant to the terms and conditions of exploration licences and mineral rights will have minimum annual commitment obligations of \$546,367 (2016: \$704,420) in the forthcoming year. These obligations are capable of being varied from time to time in order to maintain current rights of tenure to mining tenements.

Executive and administration services

The Group has a minimum obligation of \$102,000 (2016: \$102,000) in the forthcoming year.

Note 18: Contingent liabilities

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

Note 19: Related party transactions

(a) Associates

GWR Group Limited (GWR)

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

	2017	2016
	\$	\$
<i>GWR Services</i>		
Executive	360,000	270,000
Administration and recharges	51,445	62,855
Project related activities	89,443	84,866
	500,888	417,721

Outstanding in Payables to GWR as at 30 June 2017 was \$120,402 (2016: \$189,287).



Notes to Financial Statements for the year ended 30 June 2017

Note 19: Related party transactions (continued)

GWR Loan

In 2016, GWR advanced the principal amount of \$1,000,000 by way of a 12% pa interest bearing unsecured loan to the Company to enable settlement of the acquisition of the Mt Mulgine and Big Hill tungsten projects. This loan was repaid by the Company in the current year pursuant to the terms of the Deed (see note 13). Interest paid to GWR during the year was \$63,781 (2016: \$60,164).

(a) Transactions with related parties

Bluebay Investments Group Corporation (Bluebay)

Bluebay's sole director and shareholder is the Company's Non-executive Director Mr Teck Wong. During the year, Bluebay was the underwriter of a non-renounceable entitlement offer that raised \$5,273,054 before costs for the Company (see note 14). Bluebays underwriting fee was 5% of the underwritten amount, which equates to \$263,653.

Other

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

Note 20: Cash flow information

	2017	2016
	\$	\$
(a) Reconciliation of cash flows from operations with loss from ordinary activities after income tax		
Loss from ordinary activities after income tax	(2,469,570)	(1,555,948)
<i>Add back:</i>		
Depreciation	15,731	19,133
Share based payments	193,247	-
Disposal of tenement	(500)	-
Impairment	-	510,079
Loss on disposal of property, plant and equipment	-	13,783
Capitalised exploration and evaluation costs expensed	-	100,000
<i>Changes in assets and liabilities</i>		
Decrease in trade and other receivables	(2,519)	(10,659)
Increase in other assets	-	8,178
Increase/(decrease) in trade and other payables	(81,782)	23,396
Cash flows used in operations	<u>(2,345,393)</u>	<u>(892,038)</u>

(b) Non cash financing and investing activities

In 2016, the Company issued 5,000,000 shares for the acquisition of the Mt Mulgine and Big Hill tungsten projects (see note 14). There were no non-cash financing and investing activities in the current year.



Notes to Financial Statements for the year ended 30 June 2017

Note 21: Financial risk management objectives and policies

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

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

(a) Interest Rate Risk

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

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

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate	Total Interest Bearing	Non Interest Bearing	Total
	%	\$	\$	\$	\$	\$
2017						
<i>Financial Assets</i>						
Cash	0.60	89,209	-	89,209	98,793	188,002
Term Deposit	2.50	3,000,000	-	3,000,000	-	3,000,000
Receivables	0.00	-	-	-	46,013	46,013
		3,089,209	-	3,089,209	144,806	3,234,015
<i>Financial Liabilities</i>						
Trade creditors	0.00	-	-	-	220,085	220,085
		-	-	-	220,085	220,085
2016						
<i>Financial Assets</i>						
Cash	0.95	283,676	-	283,676	24,981	308,657
Term Deposit	2.82	1,250,000	-	1,250,000	-	1,250,000
Receivables	0.00	-	-	-	43,494	43,494
		1,533,676	-	1,533,676	68,475	1,602,151
<i>Financial Liabilities</i>						
Trade creditors	0.00	-	-	-	301,867	301,867
Borrowings	12.00	-	1,000,000	1,000,000	-	1,000,000
		-	1,000,000	1,000,000	301,867	1,301,867



Notes to Financial Statements for the year ended 30 June 2017

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

Interest Rate Risk Sensitivity

	-10%		10%	
	Profit	Equity	Profit	Equity
	\$	\$	\$	\$
2017				
Cash	(39)	(39)	39	39
Term Deposit	(5,430)	(5,430)	5,430	5,430
2016				
Cash	(189)	(189)	189	189
Term Deposit	(2,468)	(2,468)	2,468	2,468
Borrowings	8,400	8,400	(8,400)	(8,400)

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

- -10% sensitivity would move term deposit interest rates at 30 June 2017 from around 2.50% to 2.25% (2016: 2.82% to 2.54%) representing a 25 (2016: 28) basis points downwards shift, which is 18.125 (2016: 19.6) basis points net of tax.
- -10% sensitivity would move cash interest rates at 30 June 2017 from around 0.60% to 0.54% (2016: 0.95% to 0.86%) representing a 6 (2016: 9) basis points downwards shift, which is 4.35 (2016: 6.3) basis points net of tax.

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

(b) Liquidity Risk

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

(c) Fair Values

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

(d) Credit Risk

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

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

(e) Foreign Currency Risk

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



Notes to Financial Statements for the year ended 30 June 2017

Note 22: Subsequent events

In July 2017, the Company announced that it had agreed terms with Pilbara Minerals Limited for the acquisition of the modular Tabba Tabba heavy mineral processing plant. The acquisition price is \$600,000, comprising \$300,000 cash payable at settlement and \$300,000 in Tungsten Mining shares ("Consideration Shares"). Settlement is conditional upon the execution of a more formal sale agreement.

The Consideration Shares are to be issued in two tranches, with the first tranche equating to \$150,000 (3,750,000 shares) to be issued at a deemed price of \$0.04 per share. The second tranche, representing deferred consideration equating to \$150,000, is to be issued six months after settlement at an issue price being the lesser of \$0.04 per share and the five-day volume weighted average price immediately preceding the date of issue.

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

Note 23: Parent entity

	Parent 2017	Parent 2016
	\$	\$
Assets		
Current assets	3,234,012	1,602,152
Non current assets	2,435,352	2,450,328
Total Assets	5,669,364	4,052,480
Liabilities		
Current liabilities	220,084	1,301,868
Total Liabilities	220,084	1,301,868
Net Assets	5,449,280	2,750,612
Equity		
Issued capital	20,588,067	15,613,073
Reserves	428,327	235,080
Accumulated losses	(15,567,114)	(13,097,541)
Total Equity	5,449,280	2,750,612
	Parent 2017	Parent 2016
	\$	\$
Loss for the year	(2,469,573)	(1,547,367)
Other comprehensive income	-	-
Total comprehensive loss for the financial year	(2,469,573)	(1,547,367)



Notes to Financial Statements for the year ended 30 June 2017

Note 24: Controlled entities

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

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

Company Name	Country of Incorporation	Percentage Interest Held	Percentage Interest Held	Acquired/ Incorporated
		2017	2016	Date
Parent Entity:				
Tungsten Mining NL	Australia	-	-	13/07/2011
Subsidiaries of Tungsten Mining NL:				
BRL Exploration Pty Ltd	Australia	100%	100%	13/03/2012
SM3-W Pty Ltd	Australia	100%	100%	13/12/2012
Pilbara Tungsten Pty Ltd	Australia	100%	100%	13/11/2015
Mid-West Tungsten Pty Ltd	Australia	100%	100%	13/11/2015

Note 25: Share-based payments

	2017	2016
	\$	\$
Options issued to Directors (note 15)	135,473	-
Options issued to employees, consultants and contractors (note 15)	57,774	-
Total share-based payments for the financial year	193,247	-

These share-based payments expenses are in relation to options granted to Directors, employees, consultants and contractors under the share option plans detailed in note 15 of this financial report.



Directors' Declaration

In the opinion of the directors of Tungsten Mining NL:

- (a) the financial statements and notes set out on pages 33 to 59 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group as at 30 June 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2017.

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



Gary Lyons
Chairman
Perth
Dated 21 September 2017



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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tungsten Mining NL, the Company and its subsidiaries, ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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



Key Audit Matters	How the matter was addressed in the audit
<i>Carrying Value of Capitalised Exploration and Evaluation Expenditure</i> As at 30 June 2017, Capitalised Exploration and Evaluation expenditure totals \$2,352,171 (refer to Note 11 of the financial report). The carrying value of Capitalised Exploration and Evaluation expenditure is a key audit matter due to: • The significance of the total balance (41% of total assets); • The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and • The assessment of significant judgements made by management in relation to the Capitalised Exploration and Evaluation Expenditure.	Inter alia, our audit procedures included the following: - Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third party documentation; - Reviewing the directors' assessment of the carrying value of the exploration and evaluation expenditure, ensuring the veracity of the data presented and that management has considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects against AASB 6; - Evaluation of Group documents for consistency with the intentions for the continuing of exploration and evaluation activities in certain areas of interest, and corroborated with enquiries of management. Inter alia, the documents we evaluated included: ▪ Minutes of meetings of the board and management; ▪ Announcements made by the Group to the Australian Securities Exchange; and ▪ Cash forecasts; and - Consideration of the requirements of accounting standard AASB 6. We assessed the financial statements in relation to AASB 6 to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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



Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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



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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 31 of the directors' report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion on the Remuneration Report

In our opinion, the Remuneration Report of Tungsten Mining NL for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

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

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
21 September 2017

Additional Information

Security holder information as at 18 September 2017.

Distribution schedule and number of holders of equity securities

Spread of Holdings	1- 1,000	1,001- 5,000	5,001- 10,000	10,001- 100,000	100,001- and over	Total	Number on issue
Listed ordinary shares	10	12	132	112	97	363	395,799,812
<i>Unquoted securities on issue</i>							
Entitlement offer options	1	11	6	9	35	62	65,592,427
Director options	-	-	-	-	4	4	16,000,000
Employee options	-	-	-	-	6	6	9,250,000

There were 14 shareholders holding less than a marketable parcel of listed ordinary shares.

Top twenty holders of quoted equity securities

	Shareholder	No. Shares	Percentage
1	HSBC Custody Nominees Australia Ltd	57,170,861	14.44
2	Citicorp Nominees Pty Ltd	53,073,787	13.41
3	GWR Group Limited	52,500,000	13.26
4	Wynnes Investment Holdings Limited	21,625,000	5.46
5	Leong Kok Hou	17,500,000	4.42
6	Elmar Global Investments Limited	16,800,200	4.24
7	Reynaud International Ltd	11,006,100	2.78
8	Kresta Inv Ltd	10,500,000	2.65
9	Hilux Resources Pty Ltd	9,900,000	2.50
10	Kresta Inv Ltd	9,562,500	2.42
11	Lavington International Limited	8,925,000	2.25
12	Yap Kim Foong	7,500,000	1.89
13	Teoh Kong Tuck	7,500,000	1.89
14	RHB Sec Singapore Pte Ltd	5,781,210	1.46
15	Reynaud International Ltd	5,750,000	1.45
16	Woodwork Investments Ltd	5,000,000	1.26
17	Dato Chua Goon Eng	5,000,000	1.26
18	Colford International Limited	4,500,000	1.14
19	Ocean State Enterprises Ltd	4,000,000	1.01
20	Paul Berndt	3,982,765	1.01
		317,577,423	80.24



Additional Information (continued)

Substantial shareholders

Shareholder	No. of shares	Percentage
GWR Group Limited	52,500,000	13.26
Lavington International Limited	28,925,000	7.31
Wynnes Investment Holding Ltd	28,875,000	7.30
Yeo Siak Poh and Lim Moi Poh	20,000,000	5.05

Unquoted securities on issue

	Exercise price	Expiry date	Unlisted options on issue	Vested and exercisable
	\$		Number	Number
Entitlement offer options	0.04	31 Dec 2019	65,592,427	65,592,427
Director options	0.04 – 0.06	23 Dec 2020	16,000,000	3,200,000
Employee options	0.04 – 0.06	6 Feb 2021	9,250,000	1,850,000

Voting Rights

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

(a) Ordinary shares

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

(b) Unlisted options

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

Restricted Securities

There are no restricted securities as at 18 September 2017.

On-market buy back

There is no current on-market buy back.





Corporate Directory

Board of Directors

Gary Lyons
Non-executive Chairman

Kong Leng (Jimmy) Lee
Non-executive Director

Chew Wai Chuen
Non-executive Director

Teck Siong Wong
Non-executive Director

Company Secretaries

Mark Pitts
Simon Borck

Chief Executive Officer

Craig Ferrier

Principal & Registered Office

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Email: info@tungstenmining.com
www.tungstenmining.com

Share Registry

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

Corporate Governance

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

Auditor

Stantons International
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Investor and Media Relations

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Mark Pitts (Company Secretary)
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Bankers

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