

For personal use only



**TUNGSTEN  
MINING**  
Annual Report  
2020



For personal use only

## About Tungsten Mining

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

Tungsten (chemical symbol W), occurs naturally on Earth, not in its pure form but as a constituent of other minerals, only two of which support commercial extraction and processing - wolframite ((Fe, Mn)WO<sub>4</sub>) and scheelite (CaWO<sub>4</sub>).

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

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



AN AUSTRALIAN BASED  
RESOURCES COMPANY





For personal use only



## Table of Contents

04	Corporate Directory
05	Chairman's Letter
07	Review of Operations
21	Annual Mineral Resource and Ore Reserve Statement
29	Schedule of Interests in Mining Tenements
33	2020 Financial Report
34	Directors' Report
46	Auditor's Independence Declaration
47	Consolidated Statement of Profit or Loss and Other Comprehensive Income
48	Consolidated Statement of Financial Position
49	Consolidated Statement of Changes in Equity
50	Consolidated Statement of Cash Flows
51	Notes to the Financial Statements
72	Directors' Declaration
74	Independent Auditor's Report
81	Additional ASX Information

## Corporate Directory

### BOARD OF DIRECTORS

Gary Lyons  
Non-executive Chairman

Tan Sri Dato' Tien Seng Law  
Non-executive Deputy  
Chairman

Chew Wai Chuen  
Non-executive Director

Kong Leng (Jimmy) Lee  
Non-executive Director

Teck Siong Wong  
Non-executive Director

Russell Clark (Appointed  
11 February 2020)  
Non-executive Director

Wai Cheong Law  
(Alternate Director)

### CHIEF EXECUTIVE OFFICER

Craig Ferrier

### COMPANY SECRETARIES

Mark Pitts  
Simon Borck

### PRINCIPAL AND REGISTERED OFFICE

Level 4, 46 Colin Street  
West Perth WA 6005

**T:** +61 8 9486 8492

**F:** +61 8 6117 4039

**E:** [info@tungstenmining.com](mailto:info@tungstenmining.com)

**W:** [www.tungstenmining.com](http://www.tungstenmining.com)

### POSTAL ADDRESS

PO Box 452  
West Perth WA 6872

### ASX COMPANY CODE

TGN

### INVESTOR AND MEDIA RELATIONS

Craig Ferrier (CEO)  
[craig.ferrier@tungstenmining.com](mailto:craig.ferrier@tungstenmining.com)

Mark Pitts (Company Secretary)  
[mark.pitts@tungstenmining.com](mailto:mark.pitts@tungstenmining.com)

**T:** +61 8 9486 8492

### AUDITORS

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

**T:** +61 8 9481 3188

**F:** +61 8 9321 1204

### BANKERS

National Australia Bank Limited  
100 St Georges Terrace  
Perth WA 6000

### SHARE REGISTRY

Automic Group Australia  
Level 2, 267 St Georges  
Terrace  
Perth WA 6000

**T:** +61 2 8072 1400

### LEGAL ADVISORS

Bennett + Co  
Ground Floor, BGC Centre  
28 The Esplanade  
Perth WA 6000

**T:** +61 8 6316 2200

**F:** +61 8 6316 2211

### ABN

67 152 084 403

### STOCK EXCHANGE

Australian Securities  
Exchange Limited

### 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](http://www.tungstenmining.com/corporate-governance)



## Chairman's Letter

DEAR SHAREHOLDERS,

Tungsten Mining's vision to become a leading producer of low-cost tungsten concentrate took a significant stride forward during the year through the progress achieved at our flagship Mt Mulgine Tungsten Project.

The demonstrated scale and poly-metallic nature of the Mulgine Trench deposit have justified the commitment of our resources and time to the completion of the pre-feasibility study (PFS) into the technical and financial viability of large scale mining and processing activities at Mt Mulgine.

A material increase in the Company's resource inventory was delivered by the eight month resource definition drilling program, substantially increasing the Company's global inventory of contained tungsten to 41 million MTU's of WO<sub>3</sub>. Notably, the updated mineral resource estimate for Mulgine Trench more than doubled the contained tungsten and delivered an almost three-fold increase in contained molybdenum. In addition, we also defined maiden resource estimates at Trench for by-product minerals reporting 1 million ounces of gold, 44 million ounces of silver and 92,000 tonnes of copper.

In outlining the Company's progress over this past year and prospects for the year ahead, it is appropriate to provide some perspective on the effect of the coronavirus pandemic on the Company's activities and the tungsten industry in general. Pleasingly, to date our planned activities have not been impacted as our staff and key contractors have continued to operate largely unaffected, even when required to work remotely during the June quarter. The broader tungsten industry has seen reduced demand for tungsten products with the decline in global economic activity, associated with weaker demand for hard metal in manufacturing (particularly automotive and aerospace) and in the oil and gas sectors.

The economic effects of COVID-19 are predicted to be relatively short term, with fiscal and monetary measures introduced along with controls on the pandemic expected to prove effective and economic output returning to more normal levels in 2021. In recent weeks there has already been some improvement in the market price for tungsten globally, led by China where demand for tungsten products is also reported to have increased and supply of concentrates and APT tightened.

Tungsten remains a commodity of critical importance to global industry, a fact recognised by countries including USA, Japan, UK and the EU classifying tungsten as a "critical mineral". In January this year the Australian federal government announced the opening of the Critical Minerals Facilitation Office (CMFO). The role of the CMFO is to position Australia globally as a secure and reliable supplier of critical minerals with tungsten classified as one of the top 10 critical minerals.

The increasing importance and focus placed on critical minerals is expected to offer considerable opportunities in the years ahead.

Tungsten Mining aims to leverage off the opportunity offered by the substantial scale of the Mt Mulgine project and its potential to deliver long term supply of this critical mineral. With the greater understanding and definition in the project provided by completing the PFS, we are committed to engaging with potential off-take and financing partners through the 2020/21 year. This activity will be our major focus as we plan to move into the definitive feasibility study phase.

We have taken a long-term strategic position on tungsten and remain confident in the quality of our assets. We will look to partner with organisations that can share our vision and have the technical and financial strength to assist us deliver on our promise of becoming a low-cost producer of tungsten concentrate.

Once again, I would like to acknowledge the continued support of our shareholders and extend my appreciation of the work of my fellow board members, executive and staff. We look forward to the finalisation of the Mt Mulgine PFS and reporting of the results in the December quarter.

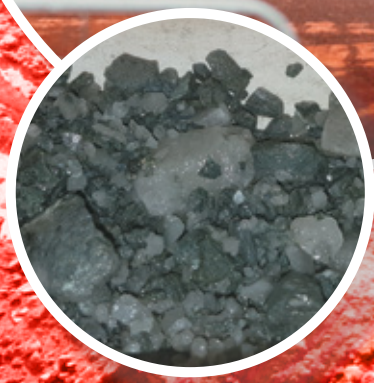
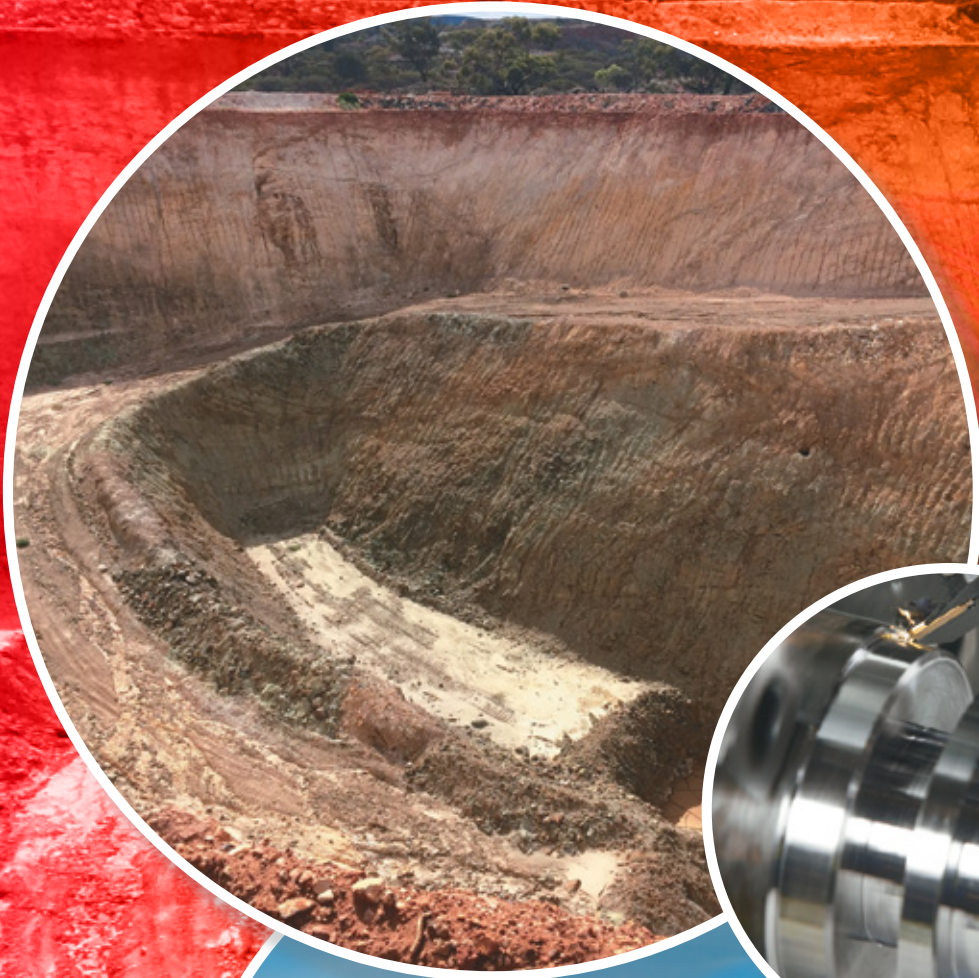
Yours sincerely



**Gary Lyons**  
Chairman



For personal use only





For personal use only

# Review of Operations

## Overview

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

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

The Company has established a portfolio of advanced tungsten projects across Australia with the objective of controlling a globally significant inventory of in-ground tungsten.

Tungsten Mining continues to implement its strategy directed at building a tungsten business of scale, with a current resource inventory of **41 million MTU’s (metric tonne units) of  $WO_3$  (tungsten trioxide) and 71,000 tonnes of Mo (molybdenum), 1 million ounces of Au (gold), 44 million ounces of Ag (silver) and 92,000 tonnes of Cu (copper)** (refer to accompanying Annual Ore Reserve and Mineral Resource Statement). This provides the platform for the Company to become a globally significant player within the primary tungsten market through the development of low-cost tungsten concentrate production.

In April 2019 the Company announced that a Scoping Study highlighted the potential for its Mt Mulgine project to establish large scale, long life mining and processing operations for the production of tungsten concentrate and valuable by-products, including molybdenum and had committed to the completion of a pre-feasibility study (PFS). The PFS has been the primary focus of the Company’s activities since that time and over the course of the 2020 financial year. Elsewhere the Company has looked to conserve costs and maintain its asset portfolio.



# Review of Operations

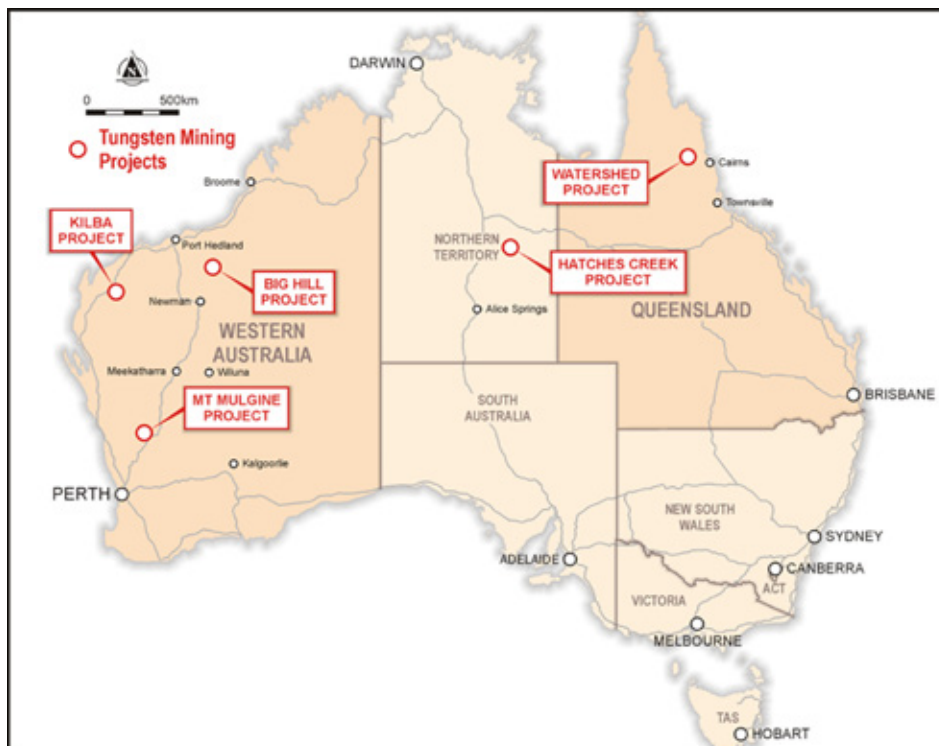


Figure 1 – Project location map

Key activities undertaken during the 2020 financial year are highlighted below:

- Resource definition drilling at Mulgine Trench of 280 RC holes for 47,983 metres including 595m of diamond tails;
  - Publication of an interim and updated Mineral Resource Estimate (MRE) for Mulgine Trench resulting in a 244% increase in tonnes to 247 Mt, a 131% increase in contained tungsten to 270,000 tonnes and a 283% increase in contained molybdenum to 71,000 tonnes. In addition, approximately 1 million ounces of gold, 44 million ounces of silver and 92,000 tonnes copper is associated with tungsten mineralisation in the May 2020 MRE;
  - Mulgine Trench MRE has increased confidence with 70% of total tonnes classified as Indicated (previously all Inferred);
  - Metallurgical test work programs to support flowsheet development for the recovery of tungsten concentrate, molybdenum concentrate and a copper concentrate;
  - Engineering work to design the process plant, all non-process infrastructure and development of capital and operating costs;
  - Development of a geo-metallurgical model of the Mulgine Trench resource;
  - Completion of a detailed market analysis on the global tungsten and molybdenum markets;
  - Optimisation of the Mulgine Hill and Trench resource models and pit designs to support the PFS mining study;
  - An extensive flora and vegetation survey
- across the Mt Mulgine tenements together with hydrogeological and ground water studies and subterranean fauna assessments;
  - Resubmission of Native Vegetation Clearing Permit (NVCP) and Mining Proposal for the Mulgine Hill deposit to the Department of Mines Industry Regulation and Safety;
  - Attendance at the site meeting at Hatches Creek in the Northern Territory with the Aboriginal owners and representatives of the Central Land Council;
  - Rationalisation of exploration tenement holdings in North Queensland surrounding and adjacent to the Watershed Project mining leases and an application for a temporary suspension of the Watershed Environmental Authority was approved by the Department of Environment and Science, materially reducing project holding costs;
  - Receipt of \$573,727 under the R&D tax incentive for expenditure incurred in the 2019 financial year.

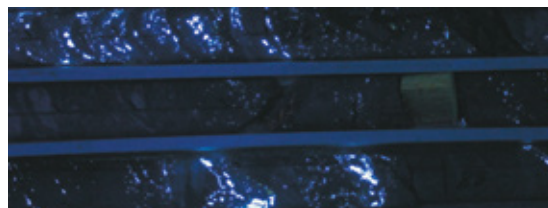


Figure 2 – Scheelite mineralisation fluorescing under ultraviolet light

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

For personal use only

## Tungsten Industry

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

Tungsten, occurs naturally on Earth, not in its pure form but as a constituent of other minerals, only two of which currently support commercial extraction and processing - wolframite ((Fe,Mn)WO<sub>4</sub>) and scheelite (CaWO<sub>4</sub>). The free element is remarkable for its unique properties, especially the fact that it has the highest melting point of all the elements (~3,400°C). Its high density is 19.3 times that of water, making it among the heaviest metals. Its electrical conductivity at 0°C is about 28% of that of silver, which itself has the highest conductivity, and its coefficient of thermal expansion is the lowest of all metals.

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

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

According to Roskill, mine production of tungsten (primary tungsten) grew by 2.0% per year from 67.5kt W in 2011 to just under 78.9kt in 2019; however mine supply is somewhat below its peak of over 81kt W in 2015. The main source of mine production is China, accounting for 82% of output in 2019.

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

Prices for tungsten concentrates have historically tended to follow the same trend as prices for APT, which is the key intermediary product in the tungsten supply chain. APT prices are quoted on the basis of metric tonne units. A metric tonne unit (mtu) is 10kg. A mtu of tungsten trioxide (WO<sub>3</sub>) contains 7.93kgs of tungsten (W). Standard industry grade specification for tungsten concentrate is 65% WO<sub>3</sub>.

Prices peaked at US\$350/mtu in June 2018 but subsequently dropped as producers returned to the market, eventually falling to around US\$200/mtu in early September 2019. Following the auction of the APT stocks from the failed Fanya Metal Exchange to China Molybdenum, APT prices rose to an average of US\$240/mtu between October and mid-April 2020 on improved market sentiment. However, following supply chain disruptions as a result of the COVID-19 coronavirus pandemic, APT prices dropped back to an average of US\$220/mtu, FOB Europe, in the final quarter of FY2020.



Figure 3 - Tungsten carbide cutting tool



# Review of Operations

## Project Development Activities

As outlined above, in April 2019 Tungsten Mining committed to a PFS for large scale operations at its polymetallic Mt Mulgine Tungsten Project. The PFS has been the focus of the Company's activities since that time and throughout the 2020 financial year.

The major component of the PFS work program was the resource definition drilling, undertaken from July 2019 to March 2020, and directed at increasing the confidence in the largely inferred resource at Mulgine Trench.

This objective was more than satisfied following completion of the drilling program and publication of the updated Mineral Resource Estimate in May 2020, which reported 70% of the mineralisation classified as Indicated. As noted above, the drilling programme delivered a massive 244% increase in tonnes, a 131% increase in contained tungsten and a 283% increase in contained

molybdenum. In addition, a maiden resource was defined for associated minerals with approximately 1 million ounces of gold, 44 million ounces of silver and 92,000 tonnes copper associated with tungsten mineralisation.

As highlighted in the overview, the PFS work program has progressed throughout the year with completion of the resource definition and update of geological models, geo-metallurgical modelling, metallurgical test work, process design and engineering, biological studies, mining studies and related work streams. The company is completing this work and validating data to enable the finalisation and release of the PFS results. Further information and details of completed work are set out in the Company's quarterly activities reports and related announcements to ASX.



Figure 4 – View of Mt Mulgine across disused airstrip

# Mt Mulgine Project, Murchison WA

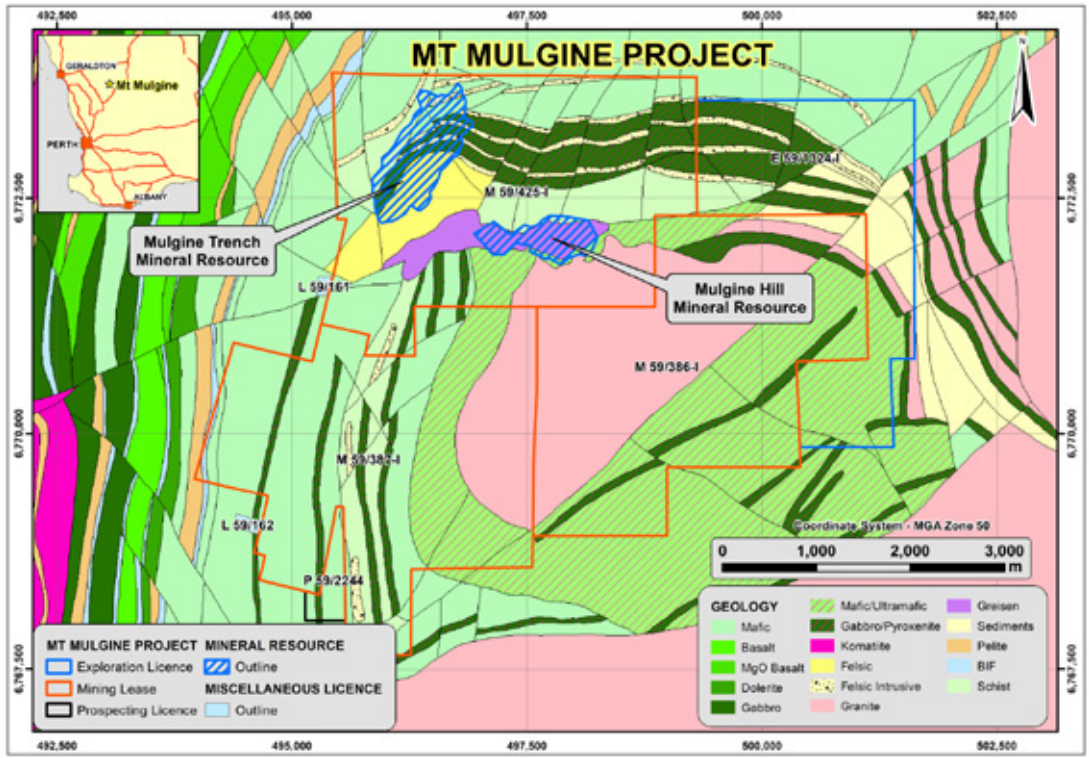


Figure 5. Location of Mulgine Hill Mineral and Mulgine Trench Mineral Resources.

The Mt Mulgine Project remains the highest priority development project for the Company.

It 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. The Company also has the rights to all by-products from the mining of tungsten and molybdenum.

Two near surface Mineral Resources have been delineated at the Mulgine Trench and Mulgine Hill deposits. Currently, there is a combined Mineral Resource estimate of 259Mt at 0.11% WO<sub>3</sub>, 270ppm Mo, 0.12g/t Au, 5g/t Ag and 0.03% Cu (at 0.05% WO<sub>3</sub> cut-off). This is comprised from Indicated Resources of 183Mt @ 0.11% WO<sub>3</sub>, 290ppm Mo, 0.13g/t Au, 5g/t Ag, 0.04% Cu and Inferred Resources of 76Mt @ 0.11% WO<sub>3</sub>, 240ppm Mo, 0.09g/t Au, 5g/t Ag and 0.03% Cu.

## Mulgine Trench

Tungsten-molybdenum mineralisation at Mt Mulgine is associated with the Mulgine Granite - a high-level leucogranite forming a 2km stock that intrudes the Mulgine anticline (Figure 5). The granite intrudes a greenstone sequence composed of micaceous schists, amphibolite and talc-chlorite schist which were formerly metasediments, mafic and ultramafic rocks respectively.

Tungsten-molybdenum mineralisation at Mulgine Trench is associated with altered and quartz veined mafic and ultramafic units that form a 160 metre to 260 metre thick zone over 1.4 kilometres of strike and dips shallowly towards the northwest (Figure 6). Drilling has intersected stronger molybdenum-gold-silver-copper mineralisation associated with a 50m to 120m wide Lower Tungsten-Molybdenum Domain within the larger tungsten envelope (Figures 7 and 8).



# Review of Operations

## Mulgine Trench Mineral Resource

From the period July 2019 to February 2020, the Company completed resource definition drilling at Mulgine Trench consisting of 280 holes for 47,983 metres. Partway through this drilling program in December 2019, an interim update of the Mulgine Trench Mineral Resource estimate was completed by Optiro Pty Ltd (Optiro) for tungsten, molybdenum, gold and silver. This incorporated the first 123 reverse circulation (RC) holes. At a 0.05% WO<sub>3</sub> cut-off grade, this resulted in a 189% increase in tonnes to 207Mt @ 0.11% WO<sub>3</sub>, 272ppm Mo, representing an increase in contained metal of 97% in tungsten (230 Kt) and 211% for molybdenum (56 Kt). In addition, gold and silver (accessory minerals) grades defined 850,000 ounces of gold and 35 million ounces of silver. Refer to ASX announcement 19 December 2019, "Major Mineral Resource update for Mulgine Trench" for further details.

Since the December 2019 Mineral Resource estimate, the Company drilled an additional 153 RC holes for 28,732 metres and seven HQ diamond tails for 595 metres. Optiro was engaged to update the Mulgine Trench Mineral Resource at the completion of the drill program,

completing this exercise in May 2020 and also incorporating estimated copper grades for the first time. This resulted in an increase of the Mulgine Trench Mineral Resource by a further 19% to 247Mt @ 0.11% WO<sub>3</sub>, 280ppm Mo, and increased the confidence of the resource with 70% now in the Indicated category. In addition, there was an increase in contained tungsten and molybdenum and accessory minerals including a maiden resource for copper and 1 million ounces of gold. Table 1 details the updated Mineral Resource estimate at 4 May 2020, above a 0.05% WO<sub>3</sub> reporting cut-off grade.

## Mulgine Hill

At Mulgine Hill, mineralisation is associated with the sub-horizontal upper contact of a mafic schist unit and overlying quartz-muscovite greisen. Tungsten occurs as scheelite in coarse disseminations within the greisen or within numerous quartz and greisen veins in both the mafic schists and the quartz-muscovite greisen. The Mineral Resource estimate for Mulgine Hill as of 21 March 2019 is 12.3 Mt at 0.16% WO<sub>3</sub> and 125 ppm Mo (Refer to ASX announcement dated 12 April 2019).

**Table 1: JORC-2012 Mineral Resource estimates for Mulgine Trench at 0.05% WO<sub>3</sub> reporting cut-off grade**

Mulgine Trench Indicated and Inferred Mineral Resource – May 2020											
Classification	Mt	WO <sub>3</sub> (%)	WO <sub>3</sub> (Kt)	Mo (ppm)	Mo (Kt)	Au (g/t)	Au (Koz)	Ag (g/t)	Ag (Moz)	Cu (%)	Cu (Kt)
Indicated	175	0.11	190	290	51	0.14	770	6	32	0.04	69
Inferred	72	0.11	80	250	18	0.10	230	5	12	0.03	24
<b>Total</b>	<b>247</b>	<b>0.11</b>	<b>270</b>	<b>280</b>	<b>69</b>	<b>0.13</b>	<b>1,000</b>	<b>6</b>	<b>44</b>	<b>0.04</b>	<b>92</b>

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

Refer ASX Announcement 4 May 2020, "Mineral Resource Estimate Update for Mulgine Trench Deposit".



For personal use only

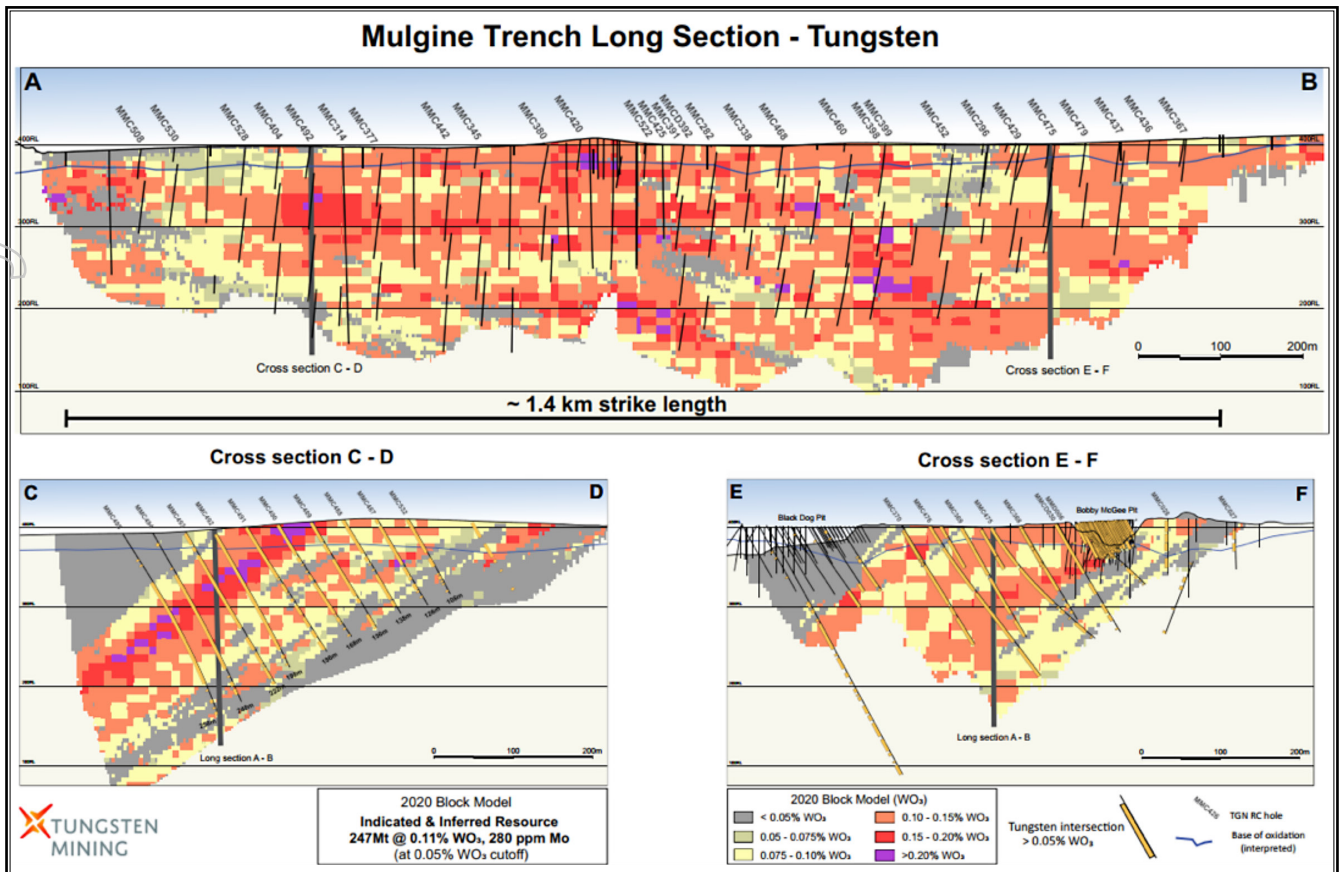


Figure 6. Long section (top) and cross sections (bottom) through Mulgine Trench showing WO<sub>3</sub> grades for the May 2020 Minerals Resources Block Model. These sections demonstrate significant widths of tungsten mineralisation over 1.4 kilometres of strike.

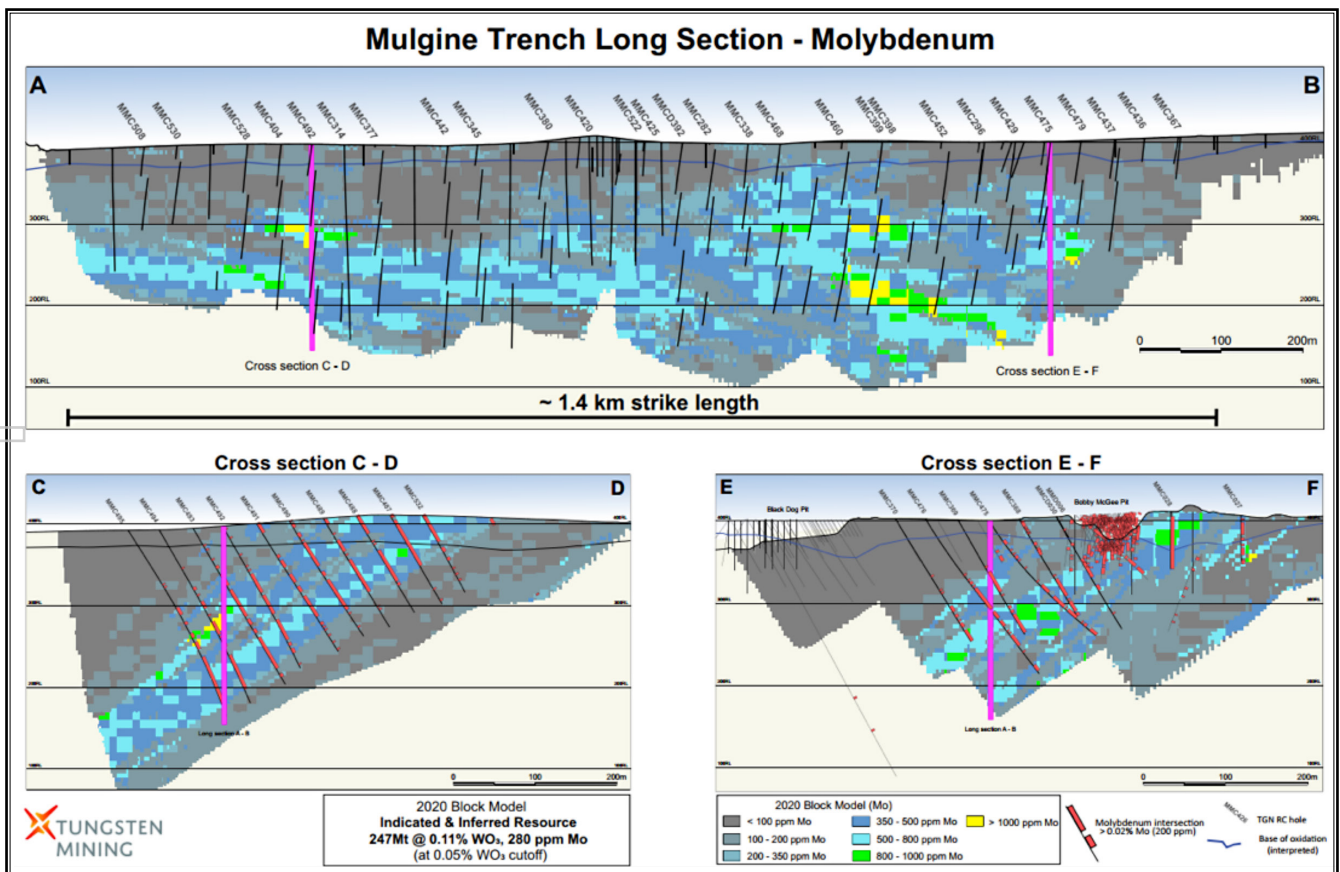


Figure 7. Long section (top) and cross sections (bottom) through Mulgine Trench showing molybdenum grades for the May 2020 Minerals Resources Block Model. These sections demonstrate strong molybdenum mineralisation associated with the Lower Tungsten-Molybdenum domain.



# Review of Operations

For personal use only

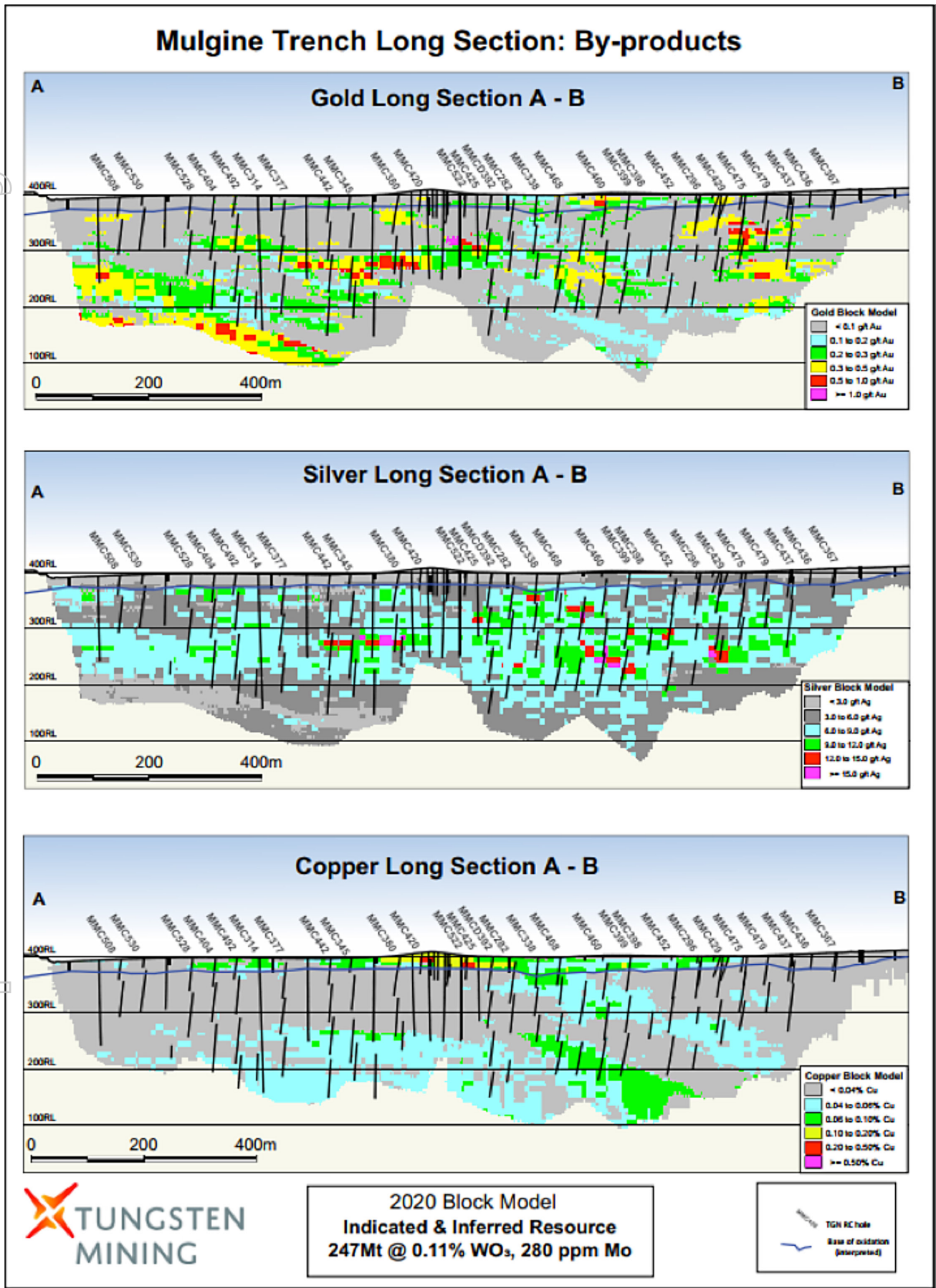


Figure 8 – Long section through Mulgine Trench showing gold (top), silver (middle) and copper (bottom) grades for the May 2020 Mineral Resource Block Model. Stronger by-product mineralisation tends to be associated with the Lower Tungsten-Molybdenum domain.

For personal use only



Figure 9 – *Hyalospema glutinosum* ssp. *Ventustum* at Mt Mulgine. Photo taken by Spectrum Ecology Pty Ltd.



# Review of Operations

## Other Projects

### Hatches Creek Polymetallic Project, Davenport Province, NT

The Hatches Creek Project consists of two granted exploration licences covering 31.4 km<sup>2</sup> (EL22912 and EL23463), which cover the entire historic Hatches Creek tungsten mining centre. Hatches Creek is a large historical high-grade tungsten mining centre where mining was undertaken between 1915 and 1957. Previous recorded production is approximately 2,840 tonnes of 65% WO<sub>3</sub>. Bismuth concentrate and copper ore have also been produced.

On 3 June 2019 the Company announced that it had executed an agreement with GWR Group

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

The Project is located 375 km north east of Alice Springs in the Northern Territory of Australia (Figure 10).



Figure 10 – Hatches Creek Project location map

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

Senior management attended a site meeting in October 2019 with the Aboriginal owners and

representatives of the Central Land Council (CLC). In addition, during the June 2020 quarter the Company completed rehabilitation of an RC drill program undertaken by GWR in March 2019. No other work was undertaken during the financial year.

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

## Watershed Project, Far North, Queensland

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

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

announcement dated 4 July 2018 – Watershed Mineral Resources Restatement JORC Code 2012).

During the financial year Tungsten Mining’s activities focussed on the rationalisation of exploration tenement holdings in North Queensland surrounding and adjacent to the Watershed Project mining leases. An application for a temporary suspension of the Watershed Environmental Authority was approved by the Department of Environment and Science, materially reducing project holding costs. Subsequent to the end of the financial year, the Company entered into a conditional sale agreement for exploration permits EPM19809, EPM25139 and EMP18171, all of which are regarded as “non-core” to the Watershed Project.

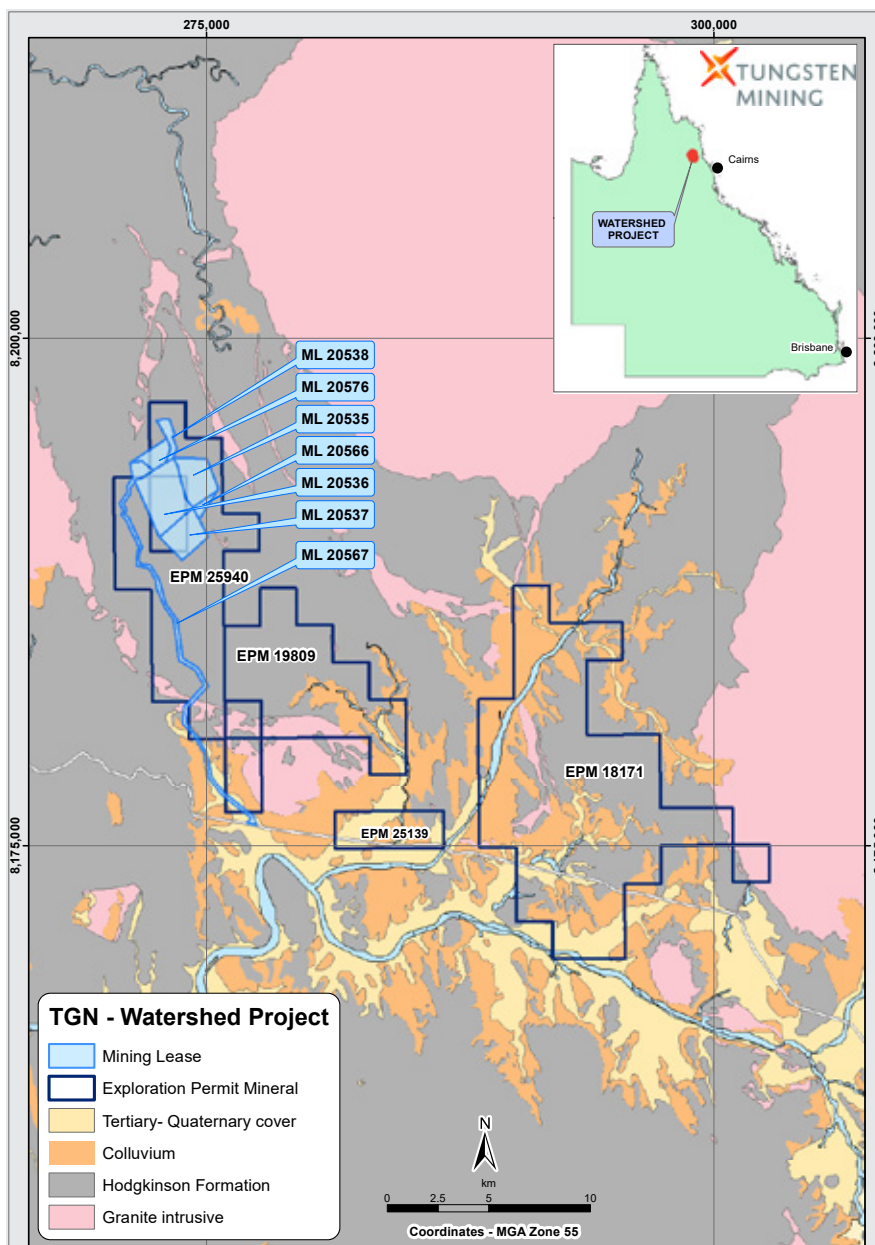


Figure 11 – Watershed Project location map



# Review of Operations

## Big Hill Project, Eastern Pilbara, WA

The Big Hill Project area is located approximately 30km northeast of the Nullagine township in the Eastern Pilbara of Western Australia. The project contains the Big Hill deposit where 22,871 metres of diamond and RC drilling have defined a JORC-2012 Mineral Resource estimate totalling 38.5Mt at 0.09% WO<sub>3</sub> (0.05% WO<sub>3</sub> cut-off) comprising an Indicated Resource of 15.8Mt at 0.11% WO<sub>3</sub> and an Inferred Resource of 22.7Mt at 0.09% WO<sub>3</sub>.

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

Retention License R46/003 was granted in April 2017 and renewed for a further period of three years in April 2020. There were no activities undertaken for the Big Hill Project during the reporting period.

## Kilba Project, Ashburton Region, WA

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

This work has defined a JORC-2012 compliant Mineral Resource totalling 7.2Mt at 0.19% WO<sub>3</sub> (0.05% WO<sub>3</sub> cut-off) comprising an Indicated Resource of 5.7Mt at 0.20% WO<sub>3</sub> and an Inferred Resource of 1.5Mt at 0.15% WO<sub>3</sub>.

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

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

For personal use only



For personal use only





For personal use only





For personal use only

# ○ Annual Mineral Resource and Ore Reserve Statement

As at 30 June 2020

## Annual Review

The Company has conducted a review of its Mineral Resources and Ore Reserves. This review reveals a material change to the Mineral Resource and Ore Reserve information previously announced in the Company's 2019 Annual Report arising from the resource definition drilling completed during the year at the Mulgine Trench deposit and subsequent update of the Mineral Resource estimate.

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

The Company has adopted "universal" reporting of Mineral Resources and Ore Reserves at a 0.05% WO<sub>3</sub> cut-off grade which is consistent with the Company's major (or flagship) Mt Mulgine project.



# Annual Mineral Resource and Ore Reserve Statement As at 30 June 2020

## 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 had previously been reported in December 2014 using JORC-2012 guidelines by previous owners. During the reporting period, the Company completed 280 RC holes for 47,983 metres (47,388 metre of RC drilling, 595 metres in seven HQ diamond tails). In May 2020, the Company published an updated Mineral Resource estimate for Mulgine Trench incorporating this drilling and sampling in accordance with JORC-2012 guidelines.

### Mineral Resources

As at 30 June 2020, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

#### Mt Mulgine Mineral Resource estimate based on a 0.05% WO<sub>3</sub> cut-off grade.

Class	Million Tonnes	WO <sub>3</sub> (%)	WO <sub>3</sub> (Kt)	Mo (ppm)	Mo (Kt)	Au (g/t)	Au (Koz)	Ag (g/t)	Ag (Moz)	Cu (%)	Cu (Kt)
Mulgine Trench (May 2020)											
Indicated	175	0.11	190	290	51	0.14	770	6	32	0.04	69
Inferred	72	0.11	80	250	18	0.10	230	5	12	0.03	24
<b>Total</b>	<b>247</b>	<b>0.11</b>	<b>270</b>	<b>280</b>	<b>69</b>	<b>0.13</b>	<b>1,000</b>	<b>6</b>	<b>44</b>	<b>0.04</b>	<b>92</b>
Mulgine Hill (June 2017)											
Indicated	8.3	0.18	15	128	1.1	-	-	-	-	-	-
Inferred	4.0	0.12	4.8	118	0.5	-	-	-	-	-	-
<b>Total</b>	<b>12.3</b>	<b>0.16</b>	<b>20</b>	<b>125</b>	<b>1.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mt Mulgine (Total)											
Indicated	183	0.11	205	290	52	0.13	770	5	32	0.04	69
Inferred	76	0.11	85	240	18	0.09	230	5	12	0.03	24
<b>Total</b>	<b>259</b>	<b>0.11</b>	<b>290</b>	<b>270</b>	<b>71</b>	<b>0.12</b>	<b>1,000</b>	<b>5</b>	<b>44</b>	<b>0.03</b>	<b>92</b>

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

The Mineral Resource Statement for the Mulgine Trench prospect was published by the Company in May 2020 (refer ASX announcement - 4 May 2020), whilst the Mineral Resource Statement for the Mulgine Hill prospect was published in the ASX announcement of the Company on 12 April 2019.

## Watershed Project

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

### Ore Reserves

As at 30 June 2020, total JORC-2012 Proven and Probable Ore Reserves were as follows:

#### Watershed Ore Reserve based on a minimum cut-off grade of 0.05% WO<sub>3</sub>

Prospect	Class	Tonnes Mt	WO <sub>3</sub> %	WO <sub>3</sub> Kt
	Proven	6.4	0.16	10
<b>Watershed</b>	Probable	15.0	0.14	21
	<b>Total</b>	<b>21.3</b>	<b>0.15</b>	<b>31</b>

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

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

### Mineral Resources

As at 30 June 2020, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

#### Watershed Mineral Resource estimate based on a 0.05% WO<sub>3</sub> cut-off grade.

Prospect	Class	Tonnes Mt	WO <sub>3</sub> %	WO <sub>3</sub> Kt
	Measured	9.5	0.16	15
	Indicated	28.4	0.14	40
<b>Watershed</b>	Inferred	11.5	0.15	17
	<b>Total</b>	<b>49.3</b>	<b>0.14</b>	<b>70</b>

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

The Mineral Resource Statement for the Watershed prospect was announced by Vital Metals on 4 July 2018 and prepared in accordance with the 2012 edition of the JORC Code. The Company completed the acquisition of North Queensland Tungsten Pty Ltd, the holder of a 100% interest in the Watershed Project in August 2018. The Company confirms it is not aware of any new information or data that materially affects the information and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed.



# Annual Mineral Resource and Ore Reserve Statement As at 30 June 2020

## 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 2020, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

#### Big Hill Mineral Resource estimate based on a 0.05% WO<sub>3</sub> cut-off grade.

Prospect	Class	Tonnes Mt	WO <sub>3</sub> %	WO <sub>3</sub> Kt
Big Hill	Indicated	15.8	0.11	17
	Inferred	22.7	0.09	19
	<b>Total</b>	<b>38.5</b>	<b>0.09</b>	<b>36</b>

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

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



## Kilba Project

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

### Mineral Resources

As at 30 June 2020, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

**Kilba Mineral Resource estimate based on a 0.05% WO<sub>3</sub> cut-off grade.**

Prospect	Class	Tonnes Mt	WO <sub>3</sub> %	WO <sub>3</sub> Kt
Kilba	Indicated	5.7	0.20	11.5
	Inferred	1.5	0.15	2.2
	<b>Total</b>	<b>7.2</b>	<b>0.19</b>	<b>13.7</b>

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

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



# Annual Mineral Resource and Ore Reserve Statement As at 30 June 2020

## Comparison of Ore Reserves and Mineral Resources against the 2019 Annual Report

The Company reported Measured, Indicated and Inferred Mineral Resources at the Mt Mulgine, Watershed, Kilba, and Big Hill projects in the 2019 Annual Report. The Company has published an updated Mineral Resource estimate for the Mulgine Trench deposit during the reporting period.

A comparison of the Company's Ore Reserve and Resource holdings as at 30 June 2020 against the 2019 Annual Report are tabulated below:

### Comparison of Ore Reserves against the 2019 Annual Report (minimum 0.05% WO<sub>3</sub> cut-off grade).

		30 June 2019				30 June 2020			
Prospect	Category	Tonnes	WO <sub>3</sub>	WO <sub>3</sub> Metal		Tonnes	WO <sub>3</sub>	WO <sub>3</sub> Metal	
		Mt	%	Kt	%	Mt	%	Kt	%
Watershed	Proven	6.4	0.16	10	32	6.4	0.16	10	32
	Probable	15.0	0.14	21	68	15.0	0.14	21	68
	<b>Total</b>	<b>21.3</b>	<b>0.15</b>	<b>31</b>	<b>100</b>	<b>21.3</b>	<b>0.15</b>	<b>31</b>	<b>100</b>
<b>Total</b>	Proven	6.4	0.16	10	32	6.4	0.16	10	32
	Probable	15.0	0.14	21	68	15.0	0.14	21	68
	<b>Total</b>	<b>21.3</b>	<b>0.15</b>	<b>31</b>	<b>100</b>	<b>21.3</b>	<b>0.15</b>	<b>31</b>	<b>100</b>

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

### Comparison of Mineral Resources against the 2019 Annual Report (0.05% WO<sub>3</sub> cut-off grade).

		30 June 2019				30 June 2020			
Prospect	Category	Tonnes	WO <sub>3</sub>	WO <sub>3</sub> Metal		Tonnes	WO <sub>3</sub>	WO <sub>3</sub> Metal	
		(Mt)	(%)	(Kt)	(%)	(Mt)	(%)	(Kt)	(%)
Mulgine Trench	Indicated	0.4	0.14	0.5	0.4%	175	0.11	190	70%
	Inferred	71.3	0.16	116	99%	72	0.11	80	30%
	<b>Total</b>	<b>71.7</b>	<b>0.16</b>	<b>117</b>	<b>100%</b>	<b>247</b>	<b>0.11</b>	<b>270</b>	<b>100%</b>
Mulgine Hill	Indicated	8.3	0.18	15	76%	8.3	0.18	15	75%
	Inferred	4.0	0.12	4.8	24%	4.0	0.12	4.8	25%
	<b>Total</b>	<b>12.3</b>	<b>0.16</b>	<b>20</b>	<b>100%</b>	<b>12.3</b>	<b>0.16</b>	<b>20</b>	<b>100%</b>
Big Hill	Indicated	15.8	0.11	17	47%	15.8	0.11	17	47%
	Inferred	22.7	0.09	19	53%	22.7	0.09	19	53%
	<b>Total</b>	<b>38.5</b>	<b>0.09</b>	<b>36</b>	<b>100%</b>	<b>38.5</b>	<b>0.09</b>	<b>36</b>	<b>100%</b>
Kilba	Indicated	5.7	0.20	11.5	84%	5.7	0.20	11.5	84%
	Inferred	1.5	0.15	2.2	16%	1.5	0.15	2.2	16%
	<b>Total</b>	<b>7.2</b>	<b>0.19</b>	<b>13.7</b>	<b>100%</b>	<b>7.2</b>	<b>0.19</b>	<b>13.7</b>	<b>100%</b>
Watershed	Measured	9.5	0.16	15	21%	9.5	0.16	15	21%
	Indicated	28.4	0.14	40	55%	28.4	0.14	40	55%
	Inferred	11.5	0.15	17	24%	11.5	0.15	17	24%
	<b>Total</b>	<b>49.3</b>	<b>0.14</b>	<b>70</b>	<b>100%</b>	<b>49.3</b>	<b>0.14</b>	<b>70</b>	<b>100%</b>
<b>Total</b>	Measured	9.5	0.16	15	6%	9.5	0.16	15	4%
	Indicated	58	0.14	84	33%	233	0.12	273	66%
	Inferred	111	0.14	159	61%	111	0.11	124	30%
	<b>Total</b>	<b>179</b>	<b>0.14</b>	<b>258</b>	<b>100%</b>	<b>354</b>	<b>0.12</b>	<b>410</b>	<b>100%</b>

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

**Comparison of Mineral Resources including by-products at Mulgine Trench against the 2019 Annual Report (minimum 0.05% WO<sub>3</sub> cut-off grade).**

Mineral Resource Report for Mulgine Trench – April 2020											
Classification	Mt	WO <sub>3</sub> (%)	WO <sub>3</sub> (Kt)	Mo (ppm)	Mo (Kt)	Au (ppm)	Au (Koz)	Ag (ppm)	Ag (Moz)	Cu (%)	Cu (Kt)
April 2020 Mulgine Trench Resource Estimate											
Indicated	175	0.11	190	290	51	0.14	770	6	32	0.04	69
Inferred	72	0.11	80	250	18	0.10	230	5	13	0.03	24
<b>Total</b>	<b>247</b>	<b>0.11</b>	<b>270</b>	<b>280</b>	<b>69</b>	<b>0.13</b>	<b>1,000</b>	<b>6</b>	<b>44</b>	<b>0.03</b>	<b>92</b>
November 2014 Mulgine Trench Resource Estimate											
Indicated	0.4	0.14	0.5	400	0.2	-	-	-	-	-	-
Inferred	71.3	0.16	116	250	18	-	-	-	-	-	-
<b>Total</b>	<b>71.7</b>	<b>0.16</b>	<b>117</b>	<b>250</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Difference											
<b>Total</b>	<b>244%</b>	<b>-31%</b>	<b>131%</b>	<b>12%</b>	<b>283%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: Totals may differ from sum of individual numbers as numbers have been rounded in accordance with the Australian JORC code 2012 guidance on Mineral Resource reporting. The November 2014 Mineral Resource estimate did not include gold, silver and copper grade estimates.

## Governance and Internal Controls - Reserve and Resource Calculations

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

No further mineral resource estimations or upgrading work has been undertaken on the Company's Kilba, Big Hill or Watershed projects since the estimates reported on 30 January 2015, 22 June 2016 and 4 July 2018 respectively, and the Company is not aware of any additional information that would have a material effect on these estimates as reported.

Between July 2019 and March 2020, the company conducted a major drilling program consisting of 280 RC holes and seven diamond tails (47,983 metres) to complete a 40 metre drill pattern over the main part of the Mulgine Trench Mineral Resource. The company completed a revised Mineral Resource estimate incorporating these additional holes drilled by the company and also incorporated an additional 1,510 historical exploration and grade control RC holes targeting gold.

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 a full-time employee of the company and 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.



For personal use only





For personal use only



## ○ Schedule of Interests in Mining Tenements



# Schedule of Interests in Mining Tenements

Tenement Name	Tenement	Holder	Interest Held at 30 June 2020
Kilba Well	E08/2139	SM3-W Pty Ltd	100%
Kilba Well	M08/314	SM3-W Pty Ltd	100%
Kilba Well	E08/2780	SM3-W Pty Ltd	100%
Callie Soak	E20/854	Tungsten Mining NL	100%
Mt Mulgine*	E59/1324-I	Minjar Gold Pty Ltd	100% mineral rights for tungsten and molybdenum
Mt Mulgine*	M59/386-I	Minjar Gold Pty Ltd	100% mineral rights for tungsten and molybdenum
Mt Mulgine*	M59/387-I	Minjar Gold Pty Ltd	100% mineral rights for tungsten and molybdenum
Mt Mulgine*	M59/425-I	Minjar Gold Pty Ltd	100% mineral rights for tungsten and molybdenum
Mt Mulgine*	L59/161	Mid-West Tungsten Pty Ltd	100%
Mt Mulgine*	L59/162	Mid-West Tungsten Pty Ltd	100%
Mt Mulgine*	P59/2244	Mid-West Tungsten Pty Ltd	100%
Big Hill	L46/70	Pilbara Tungsten Pty Ltd	100%
Big Hill	R46/3	Pilbara Tungsten Pty Ltd	100%
Watershed	ML20535	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20536	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20537	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20538	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20566	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20567	North Queensland Tungsten Pty Ltd	100%
Watershed	ML20576	North Queensland Tungsten Pty Ltd	100%
Watershed	EPM18171	North Queensland Tungsten Pty Ltd	100%
Watershed	EPM25940	North Queensland Tungsten Pty Ltd	100%
Watershed	EPM19809	North Queensland Tungsten Pty Ltd	100%
Watershed	EPM25139	North Queensland Tungsten Pty Ltd	100%
Hatches Creek	EL22912	Territory Tungsten Pty Ltd	20%
Hatches Creek	EL23463	Territory Tungsten Pty Ltd	20%

Notes:

\* Certain Mt Mulgine tenements are registered in the name of Minjar Gold Pty Ltd with Mid-West Tungsten Pty Ltd (MWT), a subsidiary of Tungsten Mining NL being the holder of the Tungsten and Molybdenum Mineral Rights. MWT is the registered holder of Miscellaneous Licenses L59/161 and L59/162 and Prospecting License P59/2244.

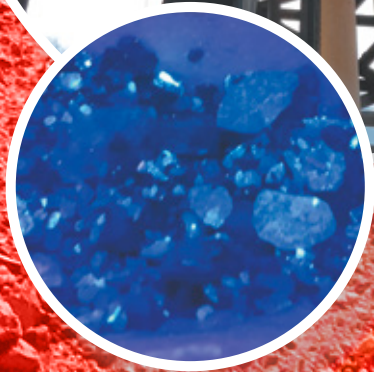


For personal use only





For personal use only





For personal use only

○ **2020  
Financial  
Report**



# 2020 Financial Report

## Directors' Report

The directors of Tungsten Mining NL (“Tungsten Mining” or “the Company”) present their report for Tungsten Mining NL, comprising the Company and the entities it controls (“the Group”), for the year ended 30 June 2020.

### 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 Risk Management Committee.

*Present ASX company directorships: GWR Group Limited, eMetals Limited (formerly Corizon Limited)*

*Previous ASX company directorships (last 3 years): Nil*



#### **Tan Sri Dato' Tien Seng Law**

#### **Non-executive Deputy Chairman (appointed 15 January 2018)**

Mr Law is a highly experienced investor in iron ore companies and was previously the Deputy Chairman and major shareholder of Midwest Corporation

Limited. Mr Law also has extensive business interests and investments in China. Mr Law is currently the executive Chairman of T.S. Law Holding Sdn Bhd, an investment holding company in Malaysia, covering a diverse range of industries. These companies include those with activities in steel making and distribution, property investment and development and food and beverage.

Mr Law is the appointed Malaysian Business Advisor of Jinan Group of Companies of the Shandong Province, the People's Republic of China. He has a substantial interest in Ji Kang Dimensi Sdn Bhd, a company within the Jinan Group of Companies operating a steel plates manufacturing plant in Malaysia.

Mr Law is a substantial stakeholder and Deputy Chairman of Hiap Teck Venture Berhad, a Malaysian listed company engaged in distribution and trading of steel related products and as well as manufacturing of steel pipes.

Mr Law through Hiap Teck Venture Bhd, entered into a joint venture with Shougang Group of China (JV company name Eastern Steel Sdn Bhd), to build a 1.5 million MT of production capacity Integrated Steel Mill located on the east coast of Peninsula Malaysia.

Mr Law was appointed as director and deputy chairman on 15 January 2018. Mr Law is a member of the Audit Risk Management Committee.

*Present ASX company directorships: GWR Group Limited*

*Previous ASX company directorships (last 3 years): Nil*



## **Kong Leng (Jimmy) Lee**

### **Non-executive Director**

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

Dominion Mining Ltd, Christmas Island Phosphates, North Ltd and Carey Mining Ltd.

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

*Present ASX company directorships: GWR Group Limited*

*Previous ASX company directorships (last 3 years):  
Excelsior Gold Limited*



## **Chew Wai Chuen**

### **Non-executive Director**

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

extensive networks of clients based in Singapore and Malaysia.

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

*Present ASX company directorships: Nil*

*Previous ASX company directorships (last 3 years):  
Parkway Minerals NL (formerly Potash West NL)*



## **Russell Clark**

### **Non-executive Director**

Mr Clark was appointed as a non-executive Director on 11 February 2020.

Mr Clark is a highly experienced and successful senior resource sector executive, and has more than 40 years' experience in corporate, operational and

project development roles in Australia and elsewhere.

Mr Clark's experience includes being the Managing Director of Wolf Minerals, CEO of Azimuth Resources, CEO of Kasbah Resources and Managing Director of Grange Resources. Prior to these roles he worked for Renison Goldfields for 18 years at numerous mining operations and spent eight years with Newmont where his final role was Group Executive of Operations, responsible for seven mining operations in Australia and New Zealand.

As Managing Director of Wolf Minerals, Mr Clark successfully oversaw the financing and construction of the Hemerdon tungsten project in Devon, UK an open pit mining operation and processing plant producing tungsten concentrate.

Mr Clark holds a Mining Engineering degree (BSc Hons) from the Royal School of Mines, London, UK and Graduate Diploma from the Securities Institute of Australia. He is a member of the Institute of Mining & Metallurgy, AusIMM and a fellow of the Australian Institute of Company Directors. Mr Clark is a member of the Audit Risk Management Committee.

*Present ASX company directorships: Nil*

*Previous ASX company directorships (last 3 years): Nil*



## **Teck Siong Wong**

### **Non-executive Director**

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

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

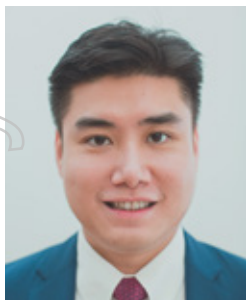
Mr Wong is a member of the Audit Risk Management Committee.

*Present ASX company directorships:  
eMetals Limited (formerly  
Corizon Limited)*

*Previous ASX company  
directorships  
(last 3 years): Nil*



## Directors' Report



### Wai Cheong Law

**Alternate Director for Tan Sri Dato' Tien Seng Law (appointed 20 July 2018)**

Mr Law was appointed as an alternate director to Tan Sri Dato' Tien Seng Law on 20 July 2018.

Mr Law holds an LLB (Hons) from Cardiff University in Wales, UK, and an MSc in Management

from Cass Business School, University of London, UK. He is also a Barrister-at-Law at Lincoln's Inn.

Mr Law has experience in various facets of business and industry. He currently oversees and spearheads the business development for the Malaysian family-owned TS Law Group, a burgeoning and diversified group of companies engaged in steel production, mining and property development and investments in Malaysia, China, Australia, United Kingdom and the USA. Mr Law is also an executive member of the board of directors of Hiap Teck Venture Berhad, a Malaysian PLC.

*Present ASX company directorships: Nil*

*Previous ASX company directorships (last 3 years): Nil*

### Company Secretaries



### Mark Pitts

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

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



### Simon Borck

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

financial management positions.

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

### INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

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

	Ordinary shares	Unlisted options
Non-executive Directors	Number	Number
Gary Lyons	4,000,000	4,000,000
Tan Sri Dato' Tien Seng Law	77,415,000	-
Kong Leng (Jimmy) Lee	2,000,000	4,000,000
Russell Clark	-	-
Teck Siong Wong	2,000,000	4,000,000
Chew Wai Chuen	2,729,168	4,000,000
Wai Cheong Law	5,831,148	-

## SHARES UNDER OPTION

As at the date of this report, the unissued shares of the Company under option were:

	Exercise price	Expiry date	Unlisted options outstanding	Vested and exercisable
	\$		Number	Number
Director options – tranche 1	0.03	23 Dec 2020	3,200,000	3,200,000
Director options – tranche 2	0.04	23 Dec 2020	3,200,000	3,200,000
Director options – tranche 3	0.05	23 Dec 2020	9,600,000	9,600,000
<b>Total options on issue</b>			<b>16,000,000</b>	<b>16,000,000</b>

During the year ended 30 June 2020, the Company issued no options. In the prior year, the Company issued 14,963,679 entitlement options exercisable at \$0.60 on or before 31 December 2019.

During the year ended 30 June 2020, 41,521,617 entitlement offer options (2019: 501,701) were exercised. These options were issued pursuant to a previous entitlement offer and were exercisable at \$0.03 on or before 31 December 2019.

With no entitlement offer options remaining on issue at balance date, the following entitlement options expired during the year ended 30 June 2020:

- 27,647,059 unlisted options exercisable at \$0.60 on or before 31 December 2019 expired (2019: nil), and
- 695,050 unlisted options exercisable at \$0.03 on or before 31 December 2019 expired (2019: nil).

During the year ended 30 June 2020, no employee options were exercised (2019: 9,250,000). At balance date, no employee options remained on issue (2019: nil).

No options were cancelled during the current year (2019: nil). Since balance date to the date of this report, no options have been cancelled or have reached expiry. The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares. These unlisted options do not entitle the holder to participate in any share issue of the Company or any other body corporate. Refer to the Remuneration Report for further details of options outstanding for Key Management Personnel (KMP).

In the prior year, on 20 July 2018 the Company's shareholders approved the Tungsten Mining NL Loan Share Plan. Pursuant to this plan, on 26 July 2018, 16,000,000 loan-funded shares were issued to Directors of the Company at an issue price of \$0.478 per share, being the 5-day VWAP of the Company's shares as quoted on the ASX for the period up to and including the date of issue. The funds to acquire these shares were provided to the Directors under interest-free, limited-recourse loan agreements, and are repayable at the earlier of: the sale of the underlying shares, upon a material breach of the agreement or within 10 years of the date of issue. The shares are escrowed, and confer the same rights as ordinary, fully paid shares. Any dividends received on the loan-funded shares are first applied to any outstanding loan balance, on a post-tax basis. No loan-funded shares were issued under this plan during the year ended 30 June 2020.



# 2020 Financial Report

## 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 2020, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held <sup>3</sup>	Attended	Held <sup>3</sup>
Gary Lyons	4	4	2	2
Tan Sri Dato' Tien Seng Law <sup>1</sup>	3	4	1	2
Kong Leng (Jimmy) Lee	4	4	2	2
Russell Clark <sup>2</sup>	2	4	1	2
Chew Wai Chuen	4	4	2	2
Teck Siong Wong	4	4	2	2

1) Tan Sri Dato' Tien Seng Law attendance represents the number of meetings that he or his alternate director, Wai Cheong Law attended.

2) Mr Clark was appointed on 11 February 2020, he attended all meetings since his appointment.

3) Meetings held during the full year.

### 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 ensure 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 OFFICERS

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 pre-feasibility study on the Mt Mulgine project and exploration activities in relation to tungsten.

### OPERATING AND FINANCIAL REVIEW

#### Review of operations

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

#### Operating results for the year

The loss after income tax benefit for the year ended 30 June 2020 was \$12,302,034 (2019: \$13,016,436), which included an expense of \$9,231,867 (2019: \$4,819,041) of exploration expenditure and nil (2019: \$7,049,292) share-based payments expenses.

#### Events since the end of the financial year

There have been no events occurring subsequent to balance date which have a significant impact on the results or position of the company.

## REMUNERATION REPORT (AUDITED)

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

### KMP's Remuneration Policy

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

### Relationship between Remuneration Policy and Company Performance

#### Objective

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

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

#### Structure

- At this time, the cash component of remuneration paid to the Directors, the Company Secretary and other senior managers is not dependent upon the satisfaction of performance conditions.
- It is current policy that some executives be engaged by way of consultancy agreements with the Group, under which they receive a contract rate based upon the number of hours of service supplied to the Group. There is provision for yearly review and adjustment based on consumer price indices. Such remuneration is hence not dependent upon the achievement of specific performance conditions. This policy is considered to be appropriate for the Group, having regard to the current state of its development.
- In the prior year, up to 15 February 2019, the Group had an agreement for the provision of executive, administration and technical services by GWR Group Ltd ("GWR"). Craig Ferrier and Simon Borck were employees of GWR and, other than share-based payments, were remunerated by that entity for their services provided to the Group. From the 1 June 2019 Craig Ferrier and Simon Borck became employees of the Tungsten Mining NL. On the 30 June 2020, the agreement with GWR was terminated.
- The Company recognises the benefit of directors, officers and other employees of the Group holding securities in the Company and 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.



# 2020 Financial Report

## Directors' Report

### Details of Remuneration

Key Management Personnel's remuneration for the year:

	Short-Term			Post Employment	Long-term benefits	Share-based Payments		Total
	Salary & Fees	Other Services	Leave Provisions	Super-annuation	Long Service Leave	Loan-funded shares	Options	
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-executive directors</i>								
<b>Gary Lyons</b>								
2020	109,589	500	-	10,458	-	-	-	120,547
2019	109,589	-	-	10,411	-	1,749,080	13,243	1,882,323
<b>Tan Sri Dato' Tien Seng Law<sup>1</sup></b>								
2020	100,000	-	-	-	-	-	-	100,000
2019	100,000	-	-	-	-	2,623,620	-	2,723,620
<b>Chew Wai Chuen</b>								
2020	80,000	-	-	-	-	-	-	80,000
2019	80,000	-	-	-	-	874,540	13,243	967,783
<b>Kong Leng (Jimmy) Lee</b>								
2020	73,059	15,000	-	6,941	-	-	-	95,000
2019	73,059	12,500	-	6,941	-	874,540	13,243	980,283
<b>Russell Clark<sup>4</sup></b>								
2020	28,381	-	-	2,696	-	-	-	31,077
2019	-	-	-	-	-	-	-	-
<b>Teck Siong Wong</b>								
2020	80,000	-	-	-	-	-	-	80,000
2019	80,000	-	-	-	-	874,540	13,243	967,783
<b>Wai Cheong Law<sup>1</sup></b>								
2020	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
<i>Other executives</i>								
<b>Craig Ferrier<sup>2,5</sup></b>								
2020	341,387	-	3,217	25,000	5,809	-	-	375,413
2019	28,449	-	2,144	2,083	697	-	-	33,373
<b>Mark Pitts<sup>3</sup></b>								
2020	42,000	-	-	-	-	-	-	42,000
2019	42,000	4,500	-	-	-	-	-	46,500
<b>Simon Borck<sup>2</sup></b>								
2020	153,150	-	5,890	14,549	-	-	-	173,589
2019	12,762	-	982	1,212	-	-	-	14,956
<b>Total Remuneration</b>								
<b>2020</b>	<b>1,007,566</b>	<b>15,500</b>	<b>9,107</b>	<b>59,644</b>	<b>5,809</b>	<b>-</b>	<b>-</b>	<b>1,097,626</b>
<b>2019</b>	<b>525,859</b>	<b>17,000</b>	<b>3,126</b>	<b>20,647</b>	<b>697</b>	<b>6,996,320</b>	<b>52,972</b>	<b>7,616,621</b>

1) Wai Cheong Law is the alternate director for Tan Sri Dato' Tien Seng Law.

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

3) Mark Pitts is paid for his services as Joint Company Secretary through Endeavour Corporate Pty Ltd, an entity related to Mr Pitts.

4) Russell Clark was appointed on 11 February 2020.

5) \$6,787 of Craig Ferrier's superannuation was paid as salary during the year.

### Transactions with related parties

In the prior year, Endeavour Corporate Pty Ltd, an entity associated with the Group's Company Secretary, Mark Pitts, provided accounting services totalling \$6,319. There were no such services provided during the year ended 30 June 2020.

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

### Share and option based payments

During the year ended 30 June 2020, nil (2019: nil) options were granted to Key Management Personnel.

During the year ended 30 June 2020, no loan-funded shares (2019: 16,000,000) were issued to Directors of the Company. In the prior year, loan-funded shares were at an issue price of \$0.478 per share, being the 5-day VWAP of the Company's shares as quoted on the ASX for the period up to and including the date of issue. The funds to acquire these shares were provided to the Directors under interest-free, limited-recourse loan agreements, and are repayable at the earlier of: the sale of the underlying shares, upon a material breach of the agreement or within 10 years of the date of issue. The shares are escrowed, and confer the same rights as ordinary, fully paid shares. Any dividends received on the loan-funded shares are first applied to any outstanding loan balance, on a post-tax basis.

#### *Under the Management Fee and Remuneration Sacrifice Share*

Under the Management Fee and Remuneration Sacrifice Share Plan ("Plan"), the eligible directors and senior management of the Company may elect to sacrifice part of their directors' fees or consulting fees to acquire shares in the Company. Under the Plan, the relevant directors and senior management will receive the remainder of their directors' fees or consulting fees in cash. As such, the shares will be issued for nil cash consideration and will be valued at fair market value. The Plan rules were approved by shareholders at the Annual General Meeting held in November 2013 for the purposes of ASX Listing Rules. During the 2020 and 2019 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 or on Appointment	Granted as compensation during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested and exercisable at the end of year
	Number	Number	Number	Number	Number	Number
<i>Non-executive directors</i>						
Gary Lyons	4,000,000	-	-	-	4,000,000	4,000,000
Tan Sri Dato' Tien Seng Law	-	-	-	-	-	-
Chew Wai Chuen	4,000,000	-	-	-	4,000,000	4,000,000
Kong Leng (Jimmy) Lee	4,000,000	-	-	-	4,000,000	4,000,000
Russell Clark	-	-	-	-	-	-
Teck Siong Wong	4,000,000	-	-	-	4,000,000	4,000,000
Wai Cheong Law	-	-	-	-	-	-
<i>Other executives</i>						
Craig Ferrier	-	-	-	-	-	-
Simon Borck	-	-	-	-	-	-
Mark Pitts	-	-	-	-	-	-
	<b>16,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,000,000</b>	<b>16,000,000</b>



# 2020 Financial Report

## Directors' Report

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

	Grant date	Number granted as compensation	Fair value of granted options at grant date	Number of options vested and exercisable as at 30 June 2020	Percentage of options vested during the year	Percentage of options vested 30 June 2020
		Number	\$	Number	%	%
<i>Non-executive directors</i>						
Gary Lyons	23 Dec 2016	4,000,000	69,632	4,000,000	0%	100%
Tan Sri Dato' Tien Seng Law	-	-	-	-	-	-
Chew Wai Chuen	23 Dec 2016	4,000,000	69,632	4,000,000	0%	100%
Kong Leng (Jimmy) Lee	23 Dec 2016	4,000,000	69,632	4,000,000	0%	100%
Teck Siong Wong	23 Dec 2016	4,000,000	69,632	4,000,000	0%	100%
		<b>16,000,000</b>	<b>278,528</b>	<b>16,000,000</b>		

The value of granted Options is the fair value calculated at grant date. The total value is included in the table above and is allocated to remuneration over the vesting period. Refer to Note 18 in the Financial Statements of this report for further details of options granted to KMP as remuneration.

Details of vesting profiles of the Loan-funded shares granted as compensation to KMP of the Company are detailed below.

	Vested and exercisable at the beginning of year	Granted as compensation during the year	Exercised during the year	Other changes during the year	Balance at end of year	Percentage of shares vested during the year	Vested and exercisable at the end of year
	Number	Number	Number	Number	Number	%	Number
<i>Non-executive directors</i>							
Gary Lyons	4,000,000	-	-	-	4,000,000	0%	4,000,000
Tan Sri Dato' Tien Seng Law	6,000,000	-	-	-	6,000,000	0%	6,000,000
Chew Wai Chuen	2,000,000	-	-	-	2,000,000	0%	2,000,000
Kong Leng (Jimmy) Lee	2,000,000	-	-	-	2,000,000	0%	2,000,000
Teck Siong Wong	2,000,000	-	-	-	2,000,000	0%	2,000,000
	<b>16,000,000</b>				<b>16,000,000</b>		<b>16,000,000</b>

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

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

### 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. Pursuant to the circular resolution signed on the 23 May 2018, the level of directors fees payable to Mr Lyons were revised to \$120,000 per annum, inclusive of superannuation. In the event of termination, there is no notice period required.

Tan Sri Dato' Tien Seng Law was appointed as a Non-executive Director on 15 January 2018. Pursuant to an agreement dated 15 January 2018, his director's fee was set at \$100,000 per annum, inclusive of superannuation requirement. In the event of termination, there is no notice period required.

Mr Kong Leng (Jimmy) Lee was appointed as a Non-executive Director on 2 April 2014. Pursuant to an agreement dated 2 April 2014, his director's fee was set at \$40,000 per annum, inclusive of superannuation requirement. In the event of termination, there is no notice period required. Pursuant to the circular resolution signed on the 23 May 2018, his directors fees were revised to \$80,000 per annum.

Mr Russell Clark was appointed as a Non-executive Director on 11 February 2020. His director's fee was set at \$80,000 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. Pursuant to the circular resolution signed on the 23 May 2018, his directors fees were revised to \$80,000 per annum.

Mr Teck Siong Wong was appointed as a Non-executive Director on 8 February 2016. Pursuant to an agreement dated 8 February 2016, his director's fee was set at \$40,000 per annum, inclusive of superannuation requirement. In the event of termination, there is no notice period required. Pursuant to the circular resolution signed on the 23 May 2018, his directors fees were revised to \$80,000 per annum.

Mr Ferrier is the Chief Executive Officer and his remuneration was \$334,600 (2019: \$334,600) (plus superannuation contributions). During the year, \$6,787 of his superannuation entitlement was paid as salary. In the prior year, on the 1 of June 2019, Mr Ferrier became an employee of the Company. Prior to that was an employee of GWR Group Ltd. Mr Ferrier may terminate his employment by the giving of one month's notice in writing to the Company. The Company may terminate the agreement by giving three months' notice in writing. The Company may pay Mr Ferrier for any or all of the three months' notice period in lieu of notice.

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



# 2020 Financial Report

## Directors' Report

### Other

The Company had an agreement for the provision of management and technical services to the Company by GWR Group Ltd. Mr Ferrier and Mr Borck were employees of GWR Group Ltd and, other than share-based payments, were remunerated by that entity. The management agreement was terminated in the prior year with Mr Ferrier and Mr Borck becoming employees of the Company. A new agreement was entered into whereby the Company provided certain management services to GWR Group Ltd from 1 of June 2019 at \$10,000 per month. On the 30 June 2020, the agreement with GWR was terminated.

### Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the year ended 30 June 2020.

### Shares

Share holdings for KMP.

The number of ordinary shares in the Company held by KMP during the 2020 financial year is as follows:

	Balance at beginning of year / on appointment	Granted as remuneration	Issued on exercise of options during the year	Other changes during the year	Balance at end of year or cessation of office
	Number	Number	Number	Number	Number
<i>Non-executive directors</i>					
Gary Lyons	4,000,000	-	-	-	4,000,000
Tan Sri Dato' Tien Seng Law	70,165,000	-	7,250,000	-	77,415,000
Chew Wai Chuen	2,625,001	-	104,167	-	2,729,168
Kong Leng (Jimmy) Lee	2,000,000	-	-	-	2,000,000
Russell Clark <sup>1</sup>	-	-	-	-	-
Teck Siong Wong	2,000,000	-	-	-	2,000,000
Wai Cheong Law	6,242,648	-	-	(411,500)	5,831,148
<i>Other executives</i>					
Craig Ferrier	-	-	-	-	-
Simon Borck	-	-	-	-	-
Mark Pitts	-	-	-	-	-
	<b>87,032,649</b>	<b>-</b>	<b>7,354,167</b>	<b>(411,500)</b>	<b>93,975,316</b>

1) Russell Clark was appointed on 11 February 2020

### 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 46 and forms part of this report.

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



**GARY LYONS**

**Chairman**

**Perth**

**Dated 22 September 2020**

For personal use only



# 2020 Financial Report

Stantons International Audit and Consulting Pty Ltd  
trading as

**Stantons International**

Chartered Accountants and Consultants

PO Box 1908  
West Perth WA 6872  
Australia

Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia

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

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

22 September 2020

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

Dear Directors

**RE: TUNGSTEN MINING NL**

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

As Audit Director for the audit of the financial statements of Tungsten Mining NL for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely,

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**



**Sam Tirodkar**  
Director

For personal use only

## 2020 Financial Statements

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

		2020	2019
	Note	\$	\$
<b>Revenue from continuing activities</b>			
R&D tax offset		573,727	149,240
Interest		411,400	830,461
Other		170,171	10,041
<b>Total revenue</b>		<b>1,155,298</b>	<b>989,742</b>
<b>Expenses</b>			
Administration		(1,101,595)	(1,230,666)
Exploration		(9,231,867)	(4,819,041)
Remuneration		(3,123,870)	(907,179)
Share-based payments	28	-	(7,049,292)
<b>Loss from continuing operations before income tax</b>		<b>(12,302,034)</b>	<b>(13,016,436)</b>
Income tax benefit	4	-	-
<b>Net loss for the year</b>		<b>(12,302,034)</b>	<b>(13,016,436)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Total comprehensive loss for the year</b>		<b>(12,302,034)</b>	<b>(13,016,436)</b>
Net loss attributable to members of the Parent		(12,302,034)	(13,016,436)
Total comprehensive loss attributable to members of the Parent		(12,302,034)	(13,016,436)
Basic loss per share (cents per share)	7	(1.64)	(1.80)

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

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



# 2020 Financial Report

## 2020 Financial Statements

### Consolidated Statement of Financial Position

As at 30 June 2020

		2020	2019
	Note	\$	\$
<b>Current assets</b>			
Cash and cash equivalents	8	22,956,290	33,783,517
Trade and other receivables	9	75,630	214,509
Other financial assets	10	337,570	306,029
<b>Total current assets</b>		<b>23,369,490</b>	<b>34,304,055</b>
<b>Non-current assets</b>			
Plant and equipment	11	2,807,820	2,742,772
Right of use assets	12	750,918	968,122
Exploration and evaluation	13	19,707,196	19,707,196
<b>Total non-current assets</b>		<b>23,265,934</b>	<b>23,418,090</b>
<b>Total assets</b>		<b>46,635,424</b>	<b>57,722,145</b>
<b>Current liabilities</b>			
Trade and other payables	14	484,478	478,031
Lease liabilities	15	189,598	196,160
Provisions	16	338,794	231,796
<b>Total current liabilities</b>		<b>1,012,870</b>	<b>905,987</b>
<b>Non-current liabilities</b>			
Lease liabilities	15	651,558	774,936
Provisions	16	439,345	434,914
<b>Total non-current liabilities</b>		<b>1,090,903</b>	<b>1,209,850</b>
<b>Total liabilities</b>		<b>2,103,773</b>	<b>2,115,837</b>
<b>Net assets</b>		<b>44,531,651</b>	<b>55,606,308</b>
<b>Equity</b>			
Issued capital	17	81,760,889	80,533,512
Reserves	18	7,851,718	7,851,718
Accumulated losses	19	(45,080,956)	(32,778,922)
<b>Total equity</b>		<b>44,531,651</b>	<b>55,606,308</b>

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 2020**

	Issued capital	Shares to be issued	Reserves	Accumulated losses	Total
	\$	\$	\$	\$	\$
<b>At 1 July 2018</b>	56,005,180	18,194,634	802,426	(19,762,486)	55,239,754
Loss for the year	-	-	-	(13,016,436)	(13,016,436)
Other comprehensive loss (net of tax)	-	-	-	-	-
<b>Total comprehensive loss for the year (net of tax)</b>	-	-	-	<b>(13,016,436)</b>	<b>(13,016,436)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share-based payments	-	-	7,049,292	-	7,049,292
Shares issued	25,438,254	(18,194,634)	-	-	7,243,620
Options exercised	422,050	-	-	-	422,050
Share issue transaction costs	(1,331,972)	-	-	-	(1,331,972)
<b>At 30 June 2019</b>	<b>80,533,512</b>	<b>-</b>	<b>7,851,718</b>	<b>(32,778,922)</b>	<b>55,606,308</b>
<b>At 1 July 2019</b>	80,533,512	-	7,851,718	(32,778,922)	55,606,308
Loss for the year	-	-	-	(12,302,034)	(12,302,034)
Other comprehensive loss (net of tax)	-	-	-	-	-
<b>Total comprehensive loss for the year (net of tax)</b>	-	-	-	<b>(12,302,034)</b>	<b>(12,302,034)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share-based payments	-	-	-	-	-
Shares issued	-	-	-	-	-
Options exercised	1,245,649	-	-	-	1,245,649
Share issue transaction costs	(18,272)	-	-	-	(18,272)
<b>At 30 June 2020</b>	<b>81,760,889</b>	<b>-</b>	<b>7,851,718</b>	<b>(45,080,956)</b>	<b>44,531,651</b>

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



# 2020 Financial Report

## 2020 Financial Statements

### Consolidated Statement of Cash Flows

As at 30 June 2020

		2020	2019
	Note	\$	\$
<b>Operating activities</b>			
Payments to suppliers and employees		(12,795,552)	(7,074,127)
Receipts from customers		118,603	45,000
R&D tax offset received		573,727	149,240
Government grants		50,171	-
Interest received		497,929	779,456
Lease payments		(228,072)	(107,279)
<b>Net cash flows (used in) operating activities</b>	23	<b>(11,783,194)</b>	<b>(6,207,710)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(163,723)	(1,840,988)
Acquisition of subsidiary		(85,187)	(14,912,265)
Payment for interest in Hatches Creek project		-	(1,720,942)
Security deposits paid		(22,500)	(193,310)
<b>Net cash flows (used in) investing activities</b>		<b>(271,410)</b>	<b>(18,667,505)</b>
<b>Financing activities</b>			
Share issue costs	17	(18,272)	(1,331,973)
Proceeds from issue of shares and exercise of options	17	1,245,649	25,860,305
<b>Net cash flows from financing activities</b>		<b>1,227,377</b>	<b>24,528,332</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(10,827,227)</b>	<b>(346,883)</b>
Cash and cash equivalents at the beginning of the year		33,783,517	34,130,400
<b>Cash and cash equivalents at the end of the year</b>	8	<b>22,956,290</b>	<b>33,783,517</b>

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

# Notes to Financial Statements for the year ended 30 June 2020

## 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 2020 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

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

### (c) Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only

that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### *Recovery of deferred tax assets*

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

### *Mineral acquisition costs*

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

### *Coronavirus (COVID-19) pandemic*

The Group has exercised judgement in considering the impacts of COVID-19 since the World Health Organisation declared the outbreak a pandemic in March 2020. The response from the government in dealing with the outbreak has impacted access to tenements and the economy. As of reporting date, the scale and duration of the developments remain uncertain. It is difficult to estimate the ongoing effect from the pandemic or government responses on the accounting estimates or forecasts. The Group has taken into consideration the limited/prohibited access to tenements and as a result may request reduction in minimum expenditures where possible. The methodology for estimates have not changed and have been prepared based upon conditions existing at the date of report.

### (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.



# 2020 Financial Report

## Notes to Financial Statements for the year ended 30 June 2020

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Exploration and evaluation expenditure (continued)

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

#### (e) Plant & equipment

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

Plant and equipment – over 3 to 25 years

##### *Impairment*

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

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

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

##### *Derecognition*

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

#### (f) Income tax

Current tax assets and liabilities for the period is measured at amounts expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used for computations are enacted or substantively enacted by the balance date. Deferred income tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the

transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

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

#### (g) Goods and services tax

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

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

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

## **(h) Provisions and employee benefits**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

### *Employee leave benefits*

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

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

#### *(ii) Long service leave*

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

## **(i) Cash and cash equivalents**

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

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

## **(j) Receivables**

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

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

## **(k) Revenue recognition**

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. Government grants are recognised when received.

## **(l) Contributed equity**

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

## **(m) Trade and other payables**

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

## **(n) Earnings/(Loss) per share**

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

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

## **(o) Financial instruments**

### *Recognition, initial measurement and derecognition*

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

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

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



# 2020 Financial Report

## Notes to Financial Statements for the year ended 30 June 2020

### NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (o) Financial instruments (continued)

##### *Classification and subsequent measurement*

##### *Financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

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

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

Classifications are determined by both:

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

##### *Financial assets at amortised cost*

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

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

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

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

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

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as

for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

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

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

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

##### *Financial liabilities*

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

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

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

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

##### *Impairment*

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

#### (p) Leases

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

Leases have been recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment was allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of

interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

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

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

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

#### **(q) Share Based Payments**

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

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

### **NOTE 3: SEGMENT INFORMATION**

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

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

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



# 2020 Financial Report

## Notes to Financial Statements for the year ended 30 June 2020

### NOTE 4: INCOME TAX

	Consolidated	
	2020	2019
	\$	\$
<b>(a) Prima facie income tax benefit at 30% on loss from ordinary activities is reconciled to the income tax provided in the financial statements</b>		
Loss from continuing operations before income tax	(12,302,034)	(13,016,436)
Prima facie tax benefit at the Australian tax rate of 30%	(3,690,610)	(3,904,931)
Tax effect of:		
Non-deductible expenses	30,108	2,115,304
Non-assessable income	(187,118)	(44,772)
Adjustments in the current year in relation to the current tax of previous years	7,146	102,533
Change in corporate tax rate	-	(523,237)
Effect of deferred taxes that would be recognised directly in equity	(5,482)	(399,592)
Tax losses & temporary differences not brought to account	3,845,956	2,654,695
Income tax expense/(benefit)	-	-
<b>(b) Deferred tax assets</b>		
Deferred tax assets that have not be recognised:		
Accrued expenses	37,211	24,635
Employee benefits	89,905	66,513
Other future deductions	378,820	527,723
Unused tax losses	11,888,183	7,930,219
	12,394,119	8,549,090
Deferred tax asset not recognised	(12,394,119)	(8,549,090)
	-	-
<b>(c) Deferred tax liabilities</b>		
Accrued interest	4,447	30,406
Prepayments	27,805	26,016
Mining tenements and rights	105,611	82,368
	137,863	138,790
Deferred tax liability not brought to account	(137,863)	(138,790)
	-	-

Potential deferred tax assets of \$12,256,256 as at 30 June 2020 (2019: \$8,410,300), arising from tax losses and temporary differences have not been recognised as an asset because recovery of these tax losses and temporary differences is not yet probable.

## NOTE 5: KEY MANAGEMENT PERSONNEL REMUNERATION

	Consolidated	
	2020	2019
	\$	\$
Short-term benefits	1,032,173	545,985
Share-based payments	-	7,049,292
Long-term benefits	5,809	697
Post-employment benefits	59,644	20,647
<b>Total KMP compensation</b>	<b>1,097,626</b>	<b>7,616,621</b>

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

## NOTE 6: AUDITOR'S REMUNERATION

	Consolidated	
	2020	2019
	\$	\$
Remuneration of the auditor of the Group for:		
- auditing or reviewing the financial report (accruals)	42,538	51,768
- (over)/under accrual in prior year	8,956	4,149
	<b>51,494</b>	<b>55,917</b>

## NOTE 7: LOSS PER SHARE

	Consolidated	
	2020	2019
	\$	\$
Basic loss per share	(1.64)	(1.80)
Loss used in calculating basic loss per share	(12,302,034)	(13,016,436)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in the calculation of basic loss per share	751,308,929	721,964,823

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



# 2020 Financial Report

## Notes to Financial Statements for the year ended 30 June 2020

### NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated	
	2020	2019
	\$	\$
Cash at bank	2,463,523	2,372,200
Term deposits	20,492,767	31,411,317
	<u>22,956,290</u>	<u>33,783,517</u>

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

### NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020	2019
	\$	\$
<b>Current</b>		
GST receivable	27,306	78,537
Interest Receivable	14,824	101,354
Other receivables	33,500	34,618
	<u>75,630</u>	<u>214,509</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.

\$22,000 of other receivables is recoverable from GWR Group Limited which is a related party to the Group. Please refer to Note 22(a).

### NOTE 10: OTHER FINANCIAL ASSETS

	Consolidated	
	2020	2019
	\$	\$
<b>Current</b>		
Prepayments	92,682	86,719
Secured cash – Term deposits	244,310	219,310
Other	578	-
	<u>337,570</u>	<u>306,029</u>

Secured cash are bank guarantees that reduce credit risk to the Group for the terms of arrangements in place.

## NOTE 11: PLANT AND EQUIPMENT

	Processing Plant	Office Equipment	Exploration Equipment	Computer Software	Total
	\$	\$	\$	\$	\$
<b>2020</b>					
Cost	2,576,297	160,343	168,012	67,270	2,971,922
Accumulated depreciation	-	(66,532)	(57,065)	(40,505)	(164,102)
	<u>2,576,297</u>	<u>93,811</u>	<u>110,947</u>	<u>26,765</u>	<u>2,807,820</u>
Opening net carrying value	2,485,247	120,606	99,475	37,444	2,742,772
Additions	91,050	5,075	27,598	-	123,723
Depreciation charge for the year	-	(31,870)	(16,126)	(10,679)	(58,675)
Closing net carrying value	<u>2,576,297</u>	<u>93,811</u>	<u>110,947</u>	<u>26,765</u>	<u>2,807,820</u>

### Processing Plant

Processing Plant above relates to a dismantled mineral processing facility and two new x-ray ore sorters, both of which are not currently being depreciated as neither are in use.

In the prior financial years, the Group acquired a dismantled mineral processing facility and relocated it from its location in the Pilbara to storage in a laydown area adjacent to the Golden Dragon gold processing plant operated by Minjar Gold for total consideration and acquisition costs of \$795,347.

Also, during the previous financial year, the Group acquired two new x-ray ore sorters for total consideration and acquisition costs of \$1.78m with a remaining balance, not yet incurred, to be paid post commissioning, but no later than six months after delivery date. Partial payment of \$91,050 relating to the x-ray ore sorters was paid during this financial year.

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



# 2020 Financial Report

## Notes to Financial Statements for the year ended 30 June 2020

### NOTE 12: RIGHT OF USE ASSETS

	Buildings	
	2020	2019
	\$	\$
Cost	1,086,019	1,086,019
Accumulated depreciation	(335,101)	(117,897)
	<u>750,918</u>	<u>968,122</u>
Opening net carrying value	968,122	-
Additions	-	1,086,019
Depreciation charge for the year	(217,204)	(117,897)
Closing net carrying value	<u>750,918</u>	<u>968,122</u>

#### Property leases

The above right-of-use assets relate to certain property leases that were entered into in prior year by the Group (refer Note 15). The right-of-use asset is measured at the amount equal to the lease liability at the inception of the lease and then this cost is amortised over the life of the lease.

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

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

These right-of-use assets are being amortised over the lease term on a straight-line basis of five years.

### NOTE 13: EXPLORATION AND EVALUATION

	Consolidated	
	2020	2019
	\$	\$
At 1 July	19,707,196	2,352,171
Purchase of interest in Hatches Creek project	-	1,806,129
Acquisitions during the year	-	15,548,896
As at 30 June	<u>19,707,196</u>	<u>19,707,196</u>

#### Mineral acquisition costs

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

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

	Mt Mulgine	Big Hill	Kilba	Watershed	Hatches Creek	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2018	1,193,546	158,625	1,000,000	-	-	2,352,171
Acquisitions	-	-	-	15,548,896	-	15,548,896
Purchase of interest	-	-	-	-	1,806,129	1,806,129
<b>At 30 June 2019</b>	<b>1,193,546</b>	<b>158,625</b>	<b>1,000,000</b>	<b>15,548,896</b>	<b>1,806,129</b>	<b>19,707,196</b>
At 1 July 2019	1,193,546	158,625	1,000,000	15,548,896	1,806,129	19,707,196
<b>At 30 June 2020</b>	<b>1,193,546</b>	<b>158,625</b>	<b>1,000,000</b>	<b>15,548,896</b>	<b>1,806,129</b>	<b>19,707,196</b>

#### Hatches Creek Farm-in Agreement

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

The Farm-in agreement stages are as follows:

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

#### NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated	
	2020	2019
	\$	\$
<b>Current</b>		
Trade payables	379,048	277,400
Accrued expenses	30,827	143,052
Other payables	74,603	57,579
	<b>484,478</b>	<b>478,031</b>

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.

As at 30 June 2020, \$64,310 of trade payables was past 90 days due.

# 2020 Financial Report

## Notes to Financial Statements for the year ended 30 June 2020

### NOTE 15: LEASE LIABILITIES

	Consolidated	
	2020	2019
	\$	\$
<b>Current</b>		
Property lease liabilities	189,598	196,160
	<u>189,598</u>	<u>196,160</u>
<b>Non-current</b>		
Property lease liabilities	651,558	774,936
	<u>651,558</u>	<u>774,936</u>
<b>Total lease liabilities</b>	<u>841,156</u>	<u>971,096</u>

#### *Property leases*

The above lease liabilities (refer Note 12) relate to certain property leases that were entered into in prior year by the Group.

The lease liability at initial recognition was \$1,086,019. The lease liability valuation was calculated at lease inception from the total lease payment obligations being discounted using the Group's incremental borrowing rate. An incremental borrowing rate of 5.68% was based on a secured interest rate that would be apply if finance was sought for an amount and time period equivalent to the lease requirements of the Group. Each lease payment is allocated between the liability and finance cost. The finance cost of \$89,148 was included in administration expense in the consolidated statement of profit or loss and other comprehensive income. Lease payments during the year was \$228,072 including interest.

### NOTE 16: PROVISIONS

	Consolidated	
	2020	2019
	\$	\$
<b>Current</b>		
Provision for rehabilitation	76,535	20,000
Provision for employee annual leave	202,318	156,022
Provision for employee long service leave	59,941	55,774
	<u>338,794</u>	<u>231,796</u>
<b>Non-current</b>		
Provision for rehabilitation	420,000	425,000
Provision for employee long service leave	19,345	9,914
	<u>439,345</u>	<u>434,914</u>
<b>Total provisions</b>	<u>778,139</u>	<u>666,710</u>

#### *Provision for rehabilitation*

The provision for rehabilitation includes an amount of \$400,000 which was assumed as part of the North Queensland Tungsten Pty Ltd acquisition in the prior year.



## NOTE 17: SHARE CAPITAL

	Consolidated	
	2020	2019
	\$	\$
<b>Issued and Unissued Share Capital</b>		
Ordinary shares fully paid	81,760,889	80,533,512
	<u>81,760,889</u>	<u>80,533,512</u>

### Capital Management

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

Movements in the issued capital of the Company are:

	Consolidated			
	2020	2019	2020	2019
	\$	\$	Number	Number
At 1 July	80,533,512	56,005,180	728,892,655	628,322,561
<i>Ordinary Shares</i>				
Shares issued under the share placement at \$0.34	-	25,438,254	-	74,818,393
Shares issued on the exercise of options at \$0.043	-	422,050	-	9,751,701
Shares issued on the exercise of options at \$0.03 during the year	1,245,649	-	41,521,617	-
Loan funded share plan shares	-	-	-	16,000,000
Cost incurred relating to issue of shares	(18,272)	(1,331,972)	-	-
Total issued capital at 30 June	<u>81,760,889</u>	<u>80,533,512</u>	<u>770,414,272</u>	<u>728,892,655</u>

## NOTE 18: RESERVES

	Consolidated	
	2020	2019
	\$	\$
Share option reserve	855,398	855,398
Loan-funded share scheme reserve	6,996,320	6,996,320
	<u>7,851,718</u>	<u>7,851,718</u>

# 2020 Financial Report

## Notes to Financial Statements for the year ended 30 June 2020

### NOTE 18: RESERVES (CONTINUED)

#### Movement in share options reserve

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

	Number	WAEP	\$
At 1 July 2018	80,651,748	\$0.124	802,426
Vesting expense of Director/Employee options (Note 28)	-	-	52,972
Free-attaching options issued under share placement	14,963,679	\$0.600	-
Employee options exercised	(9,250,000)	\$0.044	-
Free-attaching options exercised during the year	(501,701)	\$0.030	-
<b>At 30 June 2019</b>	<b>85,863,726</b>	<b>\$0.216</b>	<b>855,398</b>
At 1 July 2019	85,863,726	\$0.216	855,398
Free-attaching \$0.03 options exercised during the year	(41,521,617)	\$0.030	-
Free-attaching \$0.03 options expired during the year	(695,050)	\$0.030	-
Free-attaching \$0.60 options expired during the year	(27,647,059)	\$0.600	-
<b>At 30 June 2020</b>	<b>16,000,000</b>	<b>\$0.044</b>	<b>855,398</b>

#### Vested and exercisable options

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

	Number outstanding	Number vested and exercisable	Exercise price	Expiry date	Remaining contractual life
<b>Director options</b>					
Tranche 1	3,200,000	3,200,000	\$0.03	23 Dec 2020	0.48 years
Tranche 2	3,200,000	3,200,000	\$0.04	23 Dec 2020	0.48 years
Tranche 3	9,600,000	9,600,000	\$0.05	23 Dec 2020	0.48 years
<b>Outstanding at year end</b>	<b>16,000,000</b>	<b>16,000,000</b>			

### Summary of limited recourse loan funded shares granted during the year

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

	Number granted	Fair value of loan-funded shares	Purchase Price	Purchase (grant) date	Loan expiry date	Remaining contractual life
Loan funded shares	16,000,000	\$6,996,320	\$0.478	26 Jul 18	26 Jul 28	8.08 years
	<u>16,000,000</u>	<u>\$6,996,320</u>				

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

	Director Loans
Weighted average share price	\$0.478
Spot price on grant date	\$0.485
Expected volatility	100%
Risk-free interest rate	2.69%
Expected life of share loans	10 years
Weighted average fair values at measurement date	\$0.43727
Total fair value of loans	\$6,996,320

### NOTE 19: ACCUMULATED LOSSES

	Consolidated	
	2020	2019
	\$	\$
Opening balance	(32,778,922)	(19,762,486)
Net loss for the year	<u>(12,302,034)</u>	<u>(13,016,436)</u>
Accumulated losses at the end of the financial year	<u>(45,080,956)</u>	<u>(32,778,922)</u>

### NOTE 20: COMMITMENTS

#### Exploration

Based on the minimum annual commitments pursuant to the terms and conditions of environmental authorities, exploration licences and mineral rights the Group will have minimum annual commitment obligations of \$978,827 (2019: \$1,233,309) in the forthcoming year. These obligations are capable of being varied from time to time in order to maintain current rights of tenure to mining tenements.

#### Processing Plant

The Group acquired two new x-ray ore sorters in the prior year. Pursuant to the agreement purchase consideration incurred and/or paid for the ore sorters, including acquisition costs was \$1.73m with a remaining balance of \$91,050 not yet incurred. (refer Note 11).

### NOTE 21: CONTINGENCIES

In the prior year, on 3 June 2019, the Company announced the execution of a Farm-in agreement with GWR Group Limited to acquire 20% interest in the Hatches Creek Tungsten Project (refer to Note 13 for details of the agreement).

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



# 2020 Financial Report

## Notes to Financial Statements for the year ended 30 June 2020

### NOTE 22: 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 and provided certain services from GWR as detailed in the table below.

	Consolidated	
	2020	2019
	\$	\$
<b>Income</b>		
Management fee	120,000	10,000
Reimbursement of leave liabilities transferred	-	189,290
Administration reimbursements	1,595	25,259
Total Income	121,595	224,549
<b>Expenses</b>		
Executive and staff cost recoveries	-	(400,867)
Project related costs / reimbursements <sup>1</sup>	(39,354)	(291,720)
Administration reimbursements	-	(78,961)
Total Expenses	(39,354)	(771,548)
Net Income / (Expense)	82,241	(546,999)

The net balance outstanding as at 30 June 2020 with GWR was a receivable of \$22,000 (2019: receivable of \$20,603).

1) Reimbursements of expenditure are in pursuant to the Hatches Creek Farm-in Agreement (see note 13) for which the Company acquired a 20% interest in the tenements.

#### (b) Transactions with related parties

In the prior year, Endeavour Corporate Pty Ltd, an entity associated with the Group's Company Secretary, Mark Pitts, provided accounting services totalling \$6,319. In the current year, Endeavour Corporate Pty Ltd did not provide any accounting services.

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

## NOTE 23: CASH FLOW INFORMATION

	Consolidated	
	2020	2019
	\$	\$
<b>(a) Reconciliation of cash flows from operations with loss from ordinary activities after income tax</b>		
Loss from ordinary activities after income tax	(12,302,034)	(13,016,436)
<i>Add back:</i>		
Depreciation	58,674	28,497
Right-of-asset depreciation	217,204	117,897
Share based payments	-	7,049,292
Payment of assumed liability	-	(236,632)
Interest on Lease liability	89,148	-
<i>Changes in assets and liabilities</i>		
Decrease in trade and other receivables	133,479	111,866
Net movement in right-of-use assets and lease liabilities	-	(114,923)
(Increase) in other current assets	(6,542)	(86,719)
Increase/(decrease) in trade and other payables	134,534	(258,173)
Increase /(decrease) in provisions	(107,657)	197,621
Cash flows used in operations	<u>(11,783,194)</u>	<u>(6,207,710)</u>

### (b) Non cash financing and investing activities

There were no non-cash financing and investing activities in the current or previous year.

# 2020 Financial Report

## Notes to Financial Statements for the year ended 30 June 2020

### NOTE 24: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

#### (a) Interest Rate Risk

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

The Group has not entered into any hedging activities to manage interest rate risk. In regard to its interest rate risk, the Group 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
	%	\$	\$	\$	\$	\$
<b>2020</b>						
<i>Financial Assets</i>						
Cash	0.05	2,394,907	-	2,394,907	68,616	2,463,523
Term Deposit	0.88	-	20,492,767	20,492,767	-	20,492,767
Receivables	-	-	-	-	75,630	75,630
Other financial assets	1.12	-	244,310	244,310	-	244,310
		2,394,907	20,737,077	23,131,984	144,246	23,276,230
<i>Financial Liabilities</i>						
Trade creditors	-	-	-	-	484,478	484,478
Lease Liability	5.68	-	841,156	-	-	841,156
	-	-	841,156	-	484,478	1,325,634
<b>2019</b>						
<i>Financial Assets</i>						
Cash	0.20	2,087,955	-	2,087,955	284,244	2,372,199
Term Deposit	2.37	-	31,411,317	31,411,317	-	31,411,317
Receivables	-	-	-	-	214,509	214,509
Other financial assets	2.33	-	219,310	219,310	-	219,310
		2,087,955	31,630,627	33,718,582	498,753	34,217,335
<i>Financial Liabilities</i>						
Trade creditors	-	-	-	-	478,031	478,031
Lease Liability	5.68	-	971,096	-	-	971,096
	-	-	971,096	-	478,031	1,449,127



Interest Rate Risk Sensitivity

	-10%		10%	
	Profit	Equity	Profit	Equity
	\$	\$	\$	\$
<b>2020</b>				
Cash	(84)	(84)	84	84
Term Deposit	(12,632)	(12,632)	12,632	12,632
Other financial assets	(192)	(192)	192	192
<b>2019</b>				
Cash	(292)	(292)	292	292
Term Deposit	(52,122)	(52,122)	52,122	52,122
Other financial assets	(358)	(358)	358	358

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 2020 from around 0.88% to 0.79% (2019: 2.37% to 2.13%) representing a 9 (2019: 24) basis points downwards shift, which is 6 (2019: 23.7) basis points net of tax.
- 10% sensitivity would have a negligible impact on cash interest rates at 30 June 2020 (2019: 0.20% to 0.16%) representing a 0.5 (2019: 2) basis points downwards shift, which is 0.4 (2019: 1.4) basis points net of tax.
- 10% sensitivity would move other financial asset interest rates at 30 June 2020 from around 1.12% to 1.01% (2019: 2.33% to 2.10%) representing a 11.2 basis points downwards shift, which is 7.9 basis points net of tax.

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

(b) Liquidity Risk

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

(c) Fair Values

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

(d) Credit Risk

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

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

(e) Foreign Currency Risk

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

# 2020 Financial Report

## Notes to Financial Statements for the year ended 30 June 2020

### NOTE 25: SUBSEQUENT EVENTS

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

### NOTE 26: PARENT ENTITY

	Parent	
	2020	2019
	\$	\$
Assets		
Current assets	23,357,990	34,290,055
Non current assets	22,552,770	22,285,273
Total Assets	45,910,760	56,575,328
Liabilities		
Current liabilities	936,335	773,494
Non current liabilities	670,904	784,850
Total Liabilities	1,607,239	1,558,344
Net Assets	44,303,521	55,016,984
Equity		
Issued capital	81,760,889	80,533,512
Reserves	7,851,717	7,851,717
Accumulated losses	(45,309,085)	(33,368,245)
Total Equity	44,303,521	55,016,984

	Parent	
	2020	2019
	\$	\$
Loss for the year	(11,940,840)	(13,670,763)
Other comprehensive income	-	-
Total comprehensive loss for the financial year	(11,940,840)	(13,670,763)

The Company is not aware of any significant contingencies as at the end of the financial year. The Company has not entered into any guarantees in relation to the debts of its subsidiaries.

## NOTE 27: 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
		2020	2019	Date
<i>Parent Entity</i>				
Tungsten Mining NL	Australia	-	-	13/07/2011
<i>Subsidiaries of Tungsten Mining NL:</i>				
SM3-W Pty Ltd	Australia	100%	100%	13/12/2012
Pilbara Tungsten Pty Ltd	Australia	100%	100%	30/11/2015
Mid-West Tungsten Pty Ltd	Australia	100%	100%	30/11/2015
North Queensland Tungsten Pty Ltd	Australia	100%	100%	09/08/2018
Territory Tungsten Pty Ltd	Australia	100%	100%	01/03/2019

## NOTE 28: SHARE-BASED PAYMENTS

	Consolidated	
	2020	2019
	\$	\$
Vesting expense of options issued to Directors in prior year (Note 18)	-	52,972
Loan-funded share scheme values, issued to Directors in the prior year (Note 18)	-	6,996,320
Total share-based payments for the financial year	-	7,049,292

No share-based payments were granted to Directors, employees, consultants and contractors in the current year.



# 2020 Financial Report

## Directors' Declaration

In the opinion of the directors of Tungsten Mining NL:

- (a) the financial statements and notes set out on pages 47 to 71 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 2020 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 2020.

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



**GARY LYONS**

**Chairman**

**Perth**

**Dated 22 September 2020**



For personal use only





For personal use only

○ **Independent Auditor's Report**



**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 2020, 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 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

**Basis for Opinion**

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

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters described overleaf as key audit matters to be communicated in our report.

Key Audit Matters	How the matter was addressed in the audit
<p><b>Carrying Value of Exploration and Evaluation Assets (Notes 2(d), Note 13)</b></p> <p>As of 30 June 2020, exploration and evaluation expenditure totalled \$19,707,196 (refer to Note 13 of the financial report).</p> <p>The carrying value of capitalised exploration and evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• Amount of Exploration assets is significant (46% of Net assets as at 30 June 20)</li> <li>• The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), considering any indicators of impairment that may be present; and</li> <li>• The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.</li> </ul>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation.</li> <li>ii. Reviewing the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring the veracity of the data presented and that management have considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects also against AASB 6;</li> <li>iii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in certain areas of interest and corroborated with interviews with management. The documents we evaluated included: <ul style="list-style-type: none"> <li>▪ Minutes of the board and management.</li> <li>▪ Announcements made by the Group to the Australian Securities Exchange; and</li> <li>▪ Cash forecasts; and</li> </ul> </li> <li>iv. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.</li> </ol>

For personal use only

Key Audit Matters	How the matter was addressed in the audit
<p><b>Carrying value of Plant and equipment (Notes 2(e), Note 11)</b></p> <p>As at 30 June 2020, the carrying value of Plant and equipment totalled \$2,807,820 (refer to Note 11 of the financial report).</p> <p>Included in Plant and equipment is a Processing plant amounting to \$2,576,297. The Processing plant relates to a dismantled mineral processing facility and two new x-ray ore sorters, both of which are not currently being depreciated as neither are in use.</p> <p>The carrying value of Plant and equipment is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The assessment of significant judgements made by management in relation to the carrying value and future use of the Processing plant.</li> </ul>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>Reviewing the directors' assessment of the carrying value of the Processing plant, ensuring management have considered the effect of potential impairment indicators and future use of the plant.</li> <li>Confirming with management and obtained documents to confirm the titles, existence and condition of the Processing plant.</li> <li>Evaluation of Group documents for consistency with the intentions for the use of the Processing plant and corroborated with interviews with management. The documents we evaluated included: <ul style="list-style-type: none"> <li>Minutes of the board and management; and</li> <li>Announcements made by the Group to the Australian Securities Exchange.</li> </ul> </li> <li>Consideration of the requirements of accounting standard Impairment of Assets ("AASB 136") and reviewed the financial statements to ensure appropriate disclosures are made.</li> </ol>

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 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 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 based on 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.

For personal use only

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.

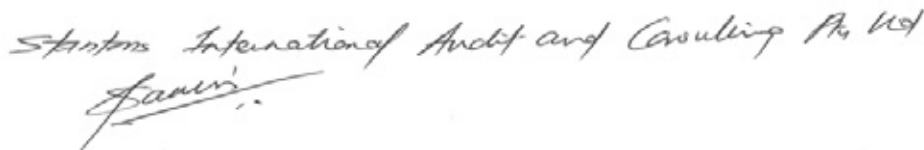
#### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 39 to 44 of the directors' report for the year ended 30 June 2020. 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 2020 complies with section 300A of the Corporations Act 2001.

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



*Samir Tirodkar*  
Director

**Samir Tirodkar**  
Director

West Perth, Western Australia  
22 September 2020

For personal use only







For personal use only



○ **Additional ASX  
Information  
Security Holder  
Information**  
As at 1 September 2020

# Additional ASX Information Security Holder Information

## As at 1 September 2020

### 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	42	66	117	181	117	523	770,414,272
<i>Unquoted securities on issue</i>							
Director options	-	-	-	-	4	4	16,000,000

There were 85 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) LIMITED	220,632,407	28.64%
2	CITICORP NOMINEES PTY LIMITED	209,606,612	27.21%
3	GWR GROUP LTD	70,000,000	9.09%
4	BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	39,870,568	5.18%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29,952,980	3.89%
6	MONEX BOOM SECURITIES (HK) LTD	29,230,479	3.79%
7	RHB SECURITIES SINGAPORE PTE LTD	14,682,670	1.91%
8	TA SECURITIES HOLDINGS BERHAD	14,158,403	1.84%
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11,832,776	1.54%
10	REYNAUD INTERNATIONAL LTD	11,006,100	1.43%
11	BNP PARIBAS NOMINEES PTY LTD <LGT BANK AG DRP>	10,826,108	1.41%
12	MISS SZE MIN LEE	10,141,000	1.32%
13	REYNAUD INTERNATIONAL LTD	8,334,700	1.08%
14	MR TAN SRI DATO TIEN SENG LAW	6,000,000	0.78%
15	BNP PARIBAS NOMS PTY LTD <DRP>	5,219,793	0.68%
16	LAVINGTON INTERNATIONAL LIMITED	4,462,500	0.58%
17	HONWAI PTY LTD <NORVIC FAMILY A/C>	4,378,788	0.57%
18	MR GARY LYONS	4,000,000	0.52%
19	MISSION RESOURCES PTY LTD	3,500,000	0.45%
20	MR MOK SAN WONG	2,500,000	0.32%
		<b>710,335,884</b>	<b>92.20%</b>

## SUBSTANTIAL SHAREHOLDERS

Shareholder	No. Shares	Percentage
GWR Group Limited	70,000,000	9.09%
Wynnes Investment Holding Ltd	52,077,500	6.76%

## UNQUOTED SECURITIES ON ISSUE

	Exercise price	Expiry date	Unlisted options on issue	Vested and exercisable
	\$		Number	Number
Director options	0.03 – 0.05	23 Dec 2020	16,000,000	16,000,000

## 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 were 16,000,000 listed ordinary shares held in escrow. As described in note 18 to the Financial Statements, these shares were provided to the Directors under interest-free, limited-recourse loan agreements, and are repayable within 10 years of the date of issue. The shares are escrowed, and confer the same rights as ordinary, fully-paid shares. Any dividends received on the loan-funded shares are first applied to any outstanding loan balance, on a post-tax basis.

## ON-MARKET BUY BACK

There is no current on-market buy back.



For personal use only



**TUNGSTEN MINING NL**

ABN 67 152 084 403

Level 4, 46 Colin Street, West Perth WA 6005 Australia

PO Box 452, West Perth WA 6872 Australia

**T** +61 8 9486 8492

**F** +61 8 6117 4039

info@tungstenmining.com

**tungstenmining.com**

