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TUNGSTEN MINING NL

ABN 67 152 084 403

Half-Year Financial Report

31 December 2017

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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)

Chief executive officer:

Craig Ferrier

Company Secretaries:

Mark Pitts
Simon Borck

Principal and registered office:

97 Outram Street
West Perth WA 6005

Telephone: +61 8 9486 8492
Facsimile: +61 8 9322 2370
Email: info@tungstenmining.com
Website: www.tungstenmining.com

Postal address:

PO Box 517
West Perth, WA 6872

Issued capital as at 31 December 2017:

Fully paid ordinary shares: 555,581,527
Unlisted options: 73,542,500

Stock exchange:

Australian Securities Exchange Limited

ASX company code:

TGN

Auditors:

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

Bankers:

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

Share registry:

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

Solicitors:

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

Directors' Report

Your directors submit their report for Tungsten Mining NL ('the Company' or 'the Parent') and for the Group, being the Company and its controlled entities, for the half year ended 31 December 2017.

Directors

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

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

Tan Sri Dato' Tien Seng Law was appointed to the Board as the Non-executive Deputy Chairman on 15 January 2018.

Company Secretaries

Mark Pitts

Simon Borck

Dividends

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

Principal activities

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

Operating results

The net loss of the Group for the half year to 31 December 2017 was $1,597,627 (Dec 2016: $1,478,363).

During the period net cash used in operating and investing activities totalled $1,813,840 (Dec 2016: $1,458,114). Net cash flow from financing activities was $14,545,301 for the period (Dec 2016: $3,223,656), this net amount included $13,873,179 in proceeds from a successful non-renounceable entitlement issue.

Review of operations

During the period, the Group acquired a near new, dismantled modular processing plant for the Mt Mulgine Tungsten Project from Pilbara Minerals and relocated it from its location in the Pilbara to a secure laydown area adjacent to the Golden Dragon gold processing plant operated by Minjar Gold. The acquisition price for the processing plant was $600,000, comprising of $300,000 in cash and $300,000 in Company shares.

To accelerate project development activities at the Mt Mulgine Project, the Company launched a Non-Renounceable Entitlement Offer during the period. This offer was the fully subscribed and raised $13,873,179 before costs.

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Directors' Report

After the end of the period on 15 January 2018, Tan Sri Dato Tien Seng Law was appointed to the Board of the Company as a Non-executive Director and Deputy Chairman.

Events subsequent to balance date

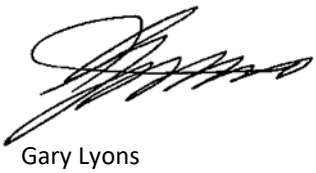
There have been no matters or circumstances that have arisen since 31 December 2017 that have significantly affected or may significantly affect:

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 15.

Signed in accordance with a resolution of the Directors.



Gary Lyons
Chairman
Perth, 6th March 2018

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Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2017

	Note	Consolidated December 2017 $	Consolidated December 2016 $
R&D tax offset		204,087	-
Interest revenue		44,144	8,168
Administration expenses		(428,460)	(371,840)
Exploration expenses	3	(969,154)	(928,129)
Occupancy expenses		(24,000)	(24,000)
Remuneration expenses		(104,622)	(95,000)
Share-based payments	4	(319,622)	(67,562)
Loss before income tax		**(1,597,627)**	**(1,478,363)**
Income tax expense/benefit		-	-
Loss for the period		**(1,597,627)**	**(1,478,363)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income after tax		-	-
Total comprehensive loss after tax		**(1,597,627)**	**(1,478,363)**
Loss attributable to members of the Parent		(1,597,627)	(1,478,363)
Total comprehensive loss attributable to members of the Parent		(1,597,627)	(1,478,363)
Basic loss per share in cents		(0.37)	(0.55)

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

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

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Consolidated statement of financial position

As at 31 December 2017

	Note	Consolidated December 2017 $	Consolidated June 2017 $
Current assets			
Cash and cash equivalents		15,919,463	3,188,002
Trade and other receivables		365,454	46,013
Total current assets		16,284,917	3,234,015
Non-current assets			
Exploration and evaluation	5	2,352,171	2,352,171
Plant and equipment	6	883,349	83,179
Total non-current assets		3,235,520	2,435,350
Total assets		**19,520,437**	**5,669,365**
Current liabilities			
Trade and other payables		682,981	220,085
Total current liabilities		682,981	220,085
Total liabilities		**682,981**	**220,085**
Net assets		**18,837,456**	**5,449,280**
Equity			
Issued capital	7	35,254,248	20,588,067
Reserves	8	747,949	428,327
Accumulated losses		(17,164,741)	(15,567,114)
Total equity		**18,837,456**	**5,449,280**

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

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Consolidated statement of changes in equity

For the half year ended 31 December 2017

	Issued Capital	Shares to be issued	Reserves	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2017	20,588,067	-	428,327	(15,567,114)	5,449,280
Loss for the period	-	-	-	(1,597,627)	(1,597,627)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,597,627)	(1,597,627)
Shares issued	14,023,179	-	-	-	14,023,179
Shares issued on exercise of share options	704,827	-	-	-	704,827
Share issue transaction costs	(61,825)	-	-	-	(61,825)
Share-based payments	-	-	319,622	-	319,622
Balance as at 31 December 2017	**35,254,248**	**-**	**747,949**	**(17,164,741)**	**18,837,456**
Balance at 1 July 2016	15,613,073	-	235,080	(13,097,544)	2,750,609
Loss for the period	-	-	-	(1,478,363)	(1,478,363)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,478,363)	(1,478,363)
Shares issued	2,501,378	-	-	-	2,501,378
Shares to be issued	-	1,737,360	-	-	1,737,360
Share issue transaction costs	(141,391)	-	-	-	(141,391)
Share-based payments	-	-	67,562	-	67,562
Balance as at 31 December 2016	**17,973,060**	**1,737,360**	**302,642**	**(14,575,907)**	**5,437,155**

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

Consolidated statement of cash flows

For the half year ended 31 December 2017

	Consolidated	
	December 2017	**December 2016**
	$	**$**
Cash flows from operating activities		
Payments to suppliers and employees	(1,338,363)	(1,400,928)
Interest received	33,111	13,269
Interest paid	-	(69,699)
Net cash used in operating activities	(1,305,252)	(1,457,358)
Cash flows from investing activities		
Payments for property, plant & equipment	(508,588)	(756)
Net cash used in investing activities	(508,588)	(756)
Cash flows from financing activities		
Proceeds from exercise of share options	704,827	-
Proceeds from issue of shares	13,873,179	2,501,378
Payments for share issue costs	(32,705)	(15,082)
Repayment of borrowings	-	(1,000,000)
Proceeds from shares yet to be issued	-	1,737,360
Net cash from financing activities	14,545,301	3,223,656
Net increase in cash	12,731,461	1,765,542
Adjustment for restricted cash held at balance date	-	(1,737,360)
Cash and cash equivalents at the beginning of the period	3,188,002	1,558,657
Cash and cash equivalents at end of period	15,919,463	1,586,839

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

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Condensed notes to the financial statements

For the half year ended 31 December 2017

Note 1: Basis of preparation of the half-yearly financial report

The consolidated financial report is a general purpose condensed financial report for the half-year ended 31 December 2017, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

It is recommended that the half-year consolidated financial statements be read in conjunction with the annual financial report for the year ended 30 June 2017 and considered with any public announcements made by Tungsten Mining NL during and subsequent to the half-year ended 31 December 2017 in accordance with continuous disclosure obligations of the *ASX Listing Rules*.

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

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

Changes in accounting standards

The Group has considered the implications of new and amended Accounting Standards effective for annual reporting periods beginning on or after 1 July 2017 but determined that their application to the financial statements is either not relevant or not material.

Note 2: Segment reporting

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

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

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

Note 3: Exploration expenses

	Consolidated	
	December 2017	**December 2016**
	$	$
Exploration expenditure	969,154	928,129

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

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Note 4: Share-based payments

	Consolidated	
	December 2017	**December 2016**
	$	$
Unlisted options issued to Directors (note 8)	148,898	67,562
Unlisted options to employees, consultants and contractors (note 8)	170,724	-
Total share-based payments for the period	319,622	67,562

Details of options

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

Note 5: Exploration and evaluation

	Consolidated	
	December 2017	**June 2017**
	$	**$**
Capitalised exploration and evaluation	2,352,171	2,352,171

Mineral acquisition costs

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

Note 6: Plant and equipment

	Consolidated	
	December 2017	**June 2017**
	$	**$**
Plant and equipment	883,349	83,179

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

	Processing Plant	Office Equipment	Plant and Equipment	Computer Software	Total
	$	$	$	$	$
Opening net carrying value	-	3,749	71,828	7,602	83,179
Cost of additions	795,347	13,242	-	-	808,589
Depreciation charge	-	(2,114)	(3,385)	(2,920)	(8,419)
Closing net carrying value	795,347	14,877	68,443	4,682	883,349

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Note 6: Plant and equipment (continued)

Processing plant acquisition

During the period, the Group acquired a near new, dismantled modular processing plant from Pilbara Minerals Ltd and relocated it from its location in the Pilbara to storage in laydown area adjacent to the Golden Dragon gold processing plant operated by Minjar Gold. At period end, this dismantled plant remained in storage.

The cost of this plant includes the acquisition price of $600,000 payable to Pilbara Minerals, which comprised of:

- Cash paid on settlement of $300,000, and
- $300,000 in fully paid shares of the Company, to be issued in two tranches. The first tranche equating to $150,000 (3,750,000 shares) at a deemed price of $0.04 per share was issued on settlement (refer note 7). The second tranche, representing deferred consideration equating to $150,000, is required to be issued six months after settlement at an issue price being the lesser of $0.04 per share and the five-day volume weighted average price immediately preceding the date of issue.

At period end, the second tranche of shares equating to $150,000 remained payable but not due to Pilbara Minerals. This amount is accrued for in Trade and other payables at period end.

Note 7: Issued capital

	Consolidated	
	December 2017	**June 2017**
	$	**$**
Ordinary shares fully paid	35,254,248	20,588,067

The following table illustrates the movement in ordinary shares	**$**	**Number**
Balance at the beginning of period	20,588,067	395,479,062
Shares issued at $0.04 to acquire processing plant (note 6)	150,000	3,750,000
Shares issued at $0.04 and $0.03 on exercise of entitlement offer options	704,827	17,620,677
Shares issued at $0.10 under non-renounceable entitlement issue	13,873,179	138,731,788
Costs incurred in issuing shares	(61,825)	-
Balance at end of period	35,254,248	555,581,527

Unlisted options exercised.

During the period, 17,620,677 fully paid shares were allotted on the exercise of unlisted options, raising $704,827 before costs. These shares were allotted on the exercise of 17,620,677 unlisted options, of which 17,348,802 were exercised at $0.04 and 271,875 at $0.03. These unlisted options were exercisable on or before 31 December 2019 (refer note 8).

Non-renounceable entitlement Issue

During the period, eligible shareholders were offered the opportunity to acquire additional fully paid ordinary shares in the Company through a 1-for-3 non-renounceable entitlement issue. Pursuant to applications and acceptances under this offer, or applications in respect of the short fall, the Company allotted 138,731,788 fully paid shares with an issue price of $0.10 per share raising $13,873,179 before costs.

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Note 8: Reserves

	Consolidated	
	December 2017	**June 2016**
	$	**$**
Unlisted option reserve	749,949	428,327

The following table illustrates the movement in the reserve	**WAEP**	**$**	**Number of options**
Balance at the beginning of period	$0.044	428,327	91,163,177
Share-based payments - Director options (note 4)		148,898	-
Share-based payments - Employee options (note 4)		170,724	-
Exercised non-renounceable entitlement offer free attaching options (note 7)	$0.040	-	(17,620,677)
Balance at period end	$0.035	747,949	73,542,500

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

	Number outstanding	**Number vested and exercisable**	**Exercise price**	**Expiry date**	**Remaining contractual life**
Non-renounceable entitlement offer options	48,292,500	48,292,500	$0.03	31 Dec 2019	2.00 years
Director options					
Tranche 1	3,200,000	3,200,000	$0.03	23 Dec 2020	2.98 years
Tranche 2	3,200,000	3,200,000	$0.04	23 Dec 2020	2.98 years
Tranche 3	9,600,000	-	$0.05	23 Dec 2020	2.98 years
Employee options					
Tranche 1	1,850,000	1,850,000	$0.03	6 Feb 2021	3.11 years
Tranche 2	1,850,000	1,850,000	$0.04	6 Feb 2021	3.11 years
Tranche 3	5,550,000	5,550,000	$0.05	6 Feb 2021	3.11 years
Outstanding at period end	73,542,500	63,942,500			

Change in Exercise Price of unlisted options

Following the allotment of fully paid shares under the Non-renounceable entitlement issue (refer note 7) and pursuant to ASX Listing Rules and the relevant terms of the Company's unlisted options on issue, an adjustment was required to made to the exercise price of all outstanding unlisted options. This adjustment took effect during the period and reduced the exercise price of all outstanding options by $0.01.

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Note 9: Controlled entities

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

Subsidiaries	Country of Incorporation	Percentage Interest Held 31 December 2016	Percentage Interest Held 30 June 2016	Date Acquired/ Incorporated
BRL Exploration Pty Ltd	Australia	100	100	13/03/2012
SM3-W Pty Ltd	Australia	100	100	13/12/2012
Pilbara Tungsten Pty Ltd	Australia	100	100	30/11/2015
Mid-West Tungsten Pty Ltd	Australia	100	100	30/11/2015

Note 10: Contingent liabilities

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

Note 11: Events subsequent to balance date

There have been no matters or circumstances that have arisen since 31 December 2017 that have significantly affected or may significantly affect:

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

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Directors' declaration

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

In the opinion of the Directors:

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

i. Giving a true and fair view of the financial position as at 31 December 2017 and the performance for the half-year ended on that date of the Group; and

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

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

On behalf of the Board,

Gary Lyons

Chairman

Perth, 6th March 2018

Auditor's independence declaration

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

6 March 2018

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

Dear Sirs

RE: TUNGSTEN MINING NL

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

As Audit Director for the review of the financial statements of Tungsten Mining NL for the half year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

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

Yours faithfully,

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

Martin Michalik
Director

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under Professional Standards Legislation

Member of Russell Bedford International

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Independent auditor's review report

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tungsten Mining NL, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Tungsten Mining NL (the consolidated entity). The consolidated entity comprises both Tungsten Mining NL (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tungsten Mining NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

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Independent auditor's review report

Stantons International

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Tungsten Mining NL on 6 March 2018.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

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

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

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
6 March 2018

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