



TECHNOLOGY

METALS AUSTRALIA LIMITED

Annual Financial Report

30 June 2017

ASX: TMT

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CORPORATE INFORMATION

ABN 64 612 531 389

Directors

Mr Michael Fry (Non-executive Chairman)
Mr Ian Prentice (Executive Director)
Mr Sonu Cheema (Non-executive Director)

Company secretary

Mr Sonu Cheema

Registered office

Suite 9, 330 Churchill Avenue
Subiaco, WA 6008

Principal place of business

Suite 9, 330 Churchill Avenue
Subiaco, WA 6008

Share register

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, WA 6153

Solicitors

Eaton Hall, Corporate & Commercial Lawyers
Unit 9, 628-630 Newcastle Street
Leederville, WA 6007

Bankers

National Australia Bank Ltd
1st Floor, 1238, Hay Street
West Perth, WA 6005

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth, WA 6000

Securities Exchange Listing

Technology Metals Australia Limited shares are listed on the Australian Securities Exchange (ASX: TMT)

DIRECTORS' REPORT

The directors of Technology Metals Australia Limited (**ASX: TMT**) (**Company** or **Technology Metals**) submit herewith the annual report of the Company and the entities it controlled during the period ("the Group") for the period from incorporation on 20 May 2016 to 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Michael Fry
Non-Executive Chairman
Appointed 20 May 2016

Mr Fry holds a Bachelor of Commerce degree from the University of Western Australia, is a Fellow of the Financial Services Institute of Australasia, and is a past member of the Australian Stock Exchange. Mr Fry has extensive corporate and commercial experience, financial and capital market knowledge and a background in corporate treasury management.

Mr Fry is currently Non-Executive Chairman of ASX listed Brookside Energy Limited with a focus on oil and gas exploration and production onshore mid-continent region of USA; Non-Executive Chairman of Challenger Energy Limited that is focusing on oil and gas exploration opportunities in South Africa and Non-Executive Chairman of ASX listed Norwest Energy NL that has assets in Australia and the United Kingdom with an operational focus on the northern Perth Basin.

In the 3 years immediately before the end of the financial year, Mr Fry also served as a Director of the following listed companies:

Brookside Energy Limited (Current)
Challenger Energy Limited (Current)
Norwest Energy NL (Current)

Mr Ian Prentice
Executive Director
Appointed 20 May 2016

Mr Prentice has extensive global resource industry and equity capital markets experience, with a proven track record of high quality corporate management and technical excellence. His broad ranging 25 year-plus career extends from exploration and operational roles across a variety of commodities to the listing and management of ASX-listed resource companies. Mr Prentice has served as a Director for a number of ASX-listed resource companies, with activities ranging from exploration and project acquisition in Asia and Africa through to gold production in Australia.

Mr Prentice has broad experience in identifying and reviewing resource projects for potential acquisition. Mr Prentice is a Member of the Australasian Institute of Mining and Metallurgy and holds a Bachelor of Science (Geology) from the University of Western Australia.

In the 3 years immediately before the end of the financial year, Mr Prentice also served as a Director of the following listed companies:

Fraser Range Metals Group Limited (resigned 16 February 2017)
Merah Resources Limited (resigned 30 October 2014)

Mr Sonu Cheema
Non-Executive Director and Company Secretary
Appointed 20 May 2016

Mr Cheema holds the position of Accountant for Cicero Corporate Services Pty Ltd and has over 10 years' experience working with public and private companies in Australia and abroad. Roles and responsibilities held by Mr Cheema include completion and preparation of management and ASX financial reports, investor relations, initial public offer, mergers and acquisitions, management of capital raising activities and auditor liaison. Currently Mr Cheema is also Company Secretary for Corizon Limited (ASX: CIZ), Intiger Group Limited

DIRECTORS' REPORT (continued)

(ASX: IAM) and Yojee Limited (ASX: YOJ). Mr Cheema has completed a Bachelor of Commerce majoring in Accounting at Curtin University and is a member of CPA Australia.

In the 3 years immediately before the end of the financial year, Mr Cheema also served as a Director of the following listed companies:

Initger Group Limited (Resigned 17 August 2016)

Interests in the shares, options and convertible notes of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by the Directors as at the date of this report.

	Fully paid ordinary shares	Share options	Performance shares
Directors	Number	Number	Number
Michael Fry	10,000	2,000,000	-
Ian Prentice	175,000	4,000,000	100,000 ¹
Sonu Cheema	20,000	250,000	-

¹ Class B Performance shares

Shares under option or issued on exercise of options

At the date of this report, unissued ordinary shares or interests of the Company under option are:

Date options granted	Number of shares under option	Exercise price of option	Expiry date of option
20/12/2016	15,000,000	\$0.25	31 December 2019

Details of ordinary shares issued by the Company during or since the end of the financial period as a result of the exercise of an option are:

Number of shares issued	Amount paid for the shares
10,000,000	Fully paid ordinary shares (FPO issued 4 July 2017 on conversion of 10,000,000 Class A Performance Shares. The FPO issued on conversion will be escrowed until 21 December 2018.

Share options granted to Directors and senior management

During and since the financial period, share options were granted to the following key management personnel of the Company and the entities it controlled as part of their remuneration:

Directors and executives	Number of options granted	Number of ordinary shares under option
Michael Fry	2,000,000	2,000,000
Ian Prentice	4,000,000	4,000,000
Sonu Cheema	250,000	250,000

Principal Activities

The principal activities of the entities within the Group during the period following admission to official list on the Australian Securities Exchange (ASX) on 20 December 2016 was mining exploration. The Company's primary purpose is identifying exploration projects in Australia and overseas with the aim of discovering commercially significant mineral deposits. The Company's primary exploration focus is on the Gabanintha Vanadium Project located 40km south east of Meekatharra in the mid-west region of Western Australia with the aim to develop this project to potentially supply high-quality V2O5 flake product to both the steel market and the emerging vanadium redox battery (VRB) market.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS

During the period ending 30 June 2017, Technology Metals Australia Limited (ASX: TMT) ("**Technology Metals**" or the "**Group**") completed the acquisition of The Kop Ventures Pty Ltd, and its wholly owned Gabanintha Vanadium Project, and successfully listed on the Australian Securities Exchange following the raising of \$4.0 million (before costs of the offer) from the issue of 20 million shares at \$0.20 per ordinary share via an Initial Public Offer. Technology Metals Gabanintha Vanadium Project is located 40km south east of Meekatharra in Western Australia and consists of five granted tenements and one exploration licence application.

SUMMARY

During the period ending 30 June 2017, the Company achieved significant advancement at the Gabanintha Vanadium Project ("**Project**") including a highly detailed airborne magnetic survey, a maiden wide spaced 36-hole, 3,128m Reverse Circulation ("**RC**") drilling program ("**Program**") and the estimation of a maiden Inferred Mineral Resource ("**Resource**"). The results from the RC Program, completed in March 2017, were reported in April 2017¹. Exceptional widths and grades of vanadium ("**V₂O₅**") mineralisation were returned from the Program.

The data from the Program was used by independent geological consultants CSA Global to generate a maiden Resource estimate, reported in accordance with the JORC Code 2012, for the Northern Block of tenements at the Project². The Resource estimate comfortably exceeded the Company's initial expectations confirming the position of the Project as one of the highest grade vanadium projects in the world.

OUTSTANDING MAIDEN INFERRED RESOURCE ESTIMATE

The maiden Resource estimate, reported in accordance with the JORC Code 2012, was completed by independent geological consultants CSA Global based on data from the Company's 36 hole RC drilling program completed on the Northern Block of tenements at the Project (see Figure 1). The overall Resource estimate contains 62.8Mt at 0.8% V₂O₅ and 9.7% TiO₂ including an outstanding high grade component of 29.5Mt at 1.1% V₂O₅ and 12.6% TiO₂ within the highly continuous and consistently mineralised massive magnetite basal zone within the mineralised layered mafic igneous unit.

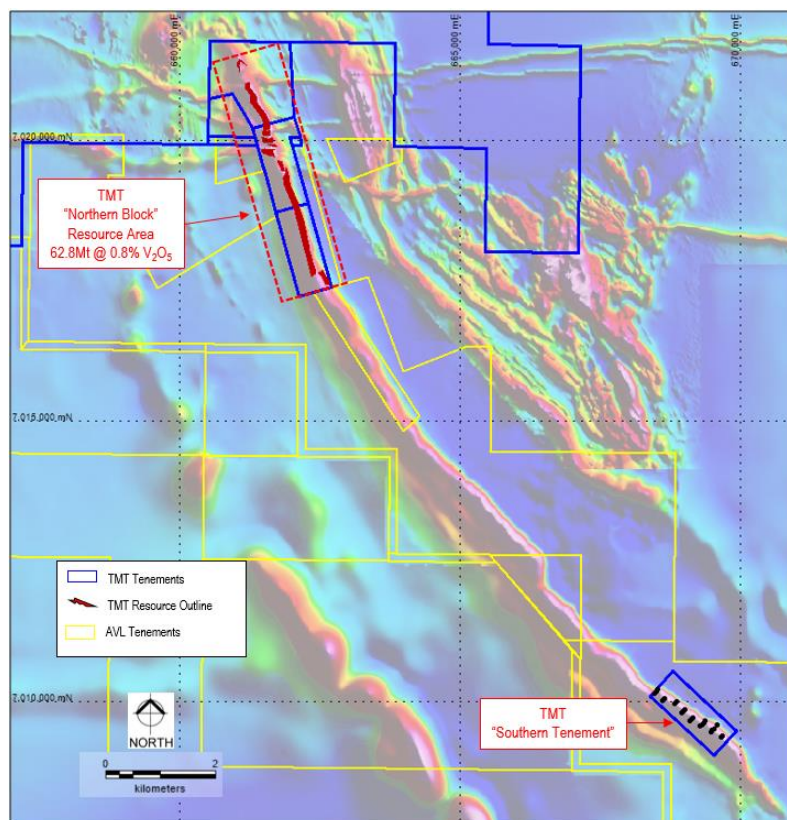


Figure1: TMT Gabanintha Vanadium Project Mineral Resource Layout

DIRECTORS' REPORT (continued)

The modelled mineralisation at the Project has been defined based on surface mapping, magnetic modelling and the RC drilling data. The high grade basal massive magnetite zone was constrained geologically and by using a nominal 0.9% V₂O₅ lower cut off grade, while the hanging wall disseminated zones were constrained using a nominal 0.4% V₂O₅ lower cut off grade. The inferred resource was estimated using inverse distance squared and was quoted for mineralisation within the defined zones above a 0.4% V₂O₅ lower cut off grade.

Table 1 Mineral Resource estimate for Technology Metals Gabanintha Vanadium Project as at 12 Jun 2017

Mineral Resource estimate for Technology Metals Gabanintha Vanadium Project as at 12 Jun 2017									
Mineralised Zone	Classification	Million Tonnes	V ₂ O ₅ %	Fe %	Al ₂ O ₃ %	SiO ₂ %	TiO ₂ %	LOI %	Density t/m ³
Basal massive magnetite	Inferred	29.5	1.1	46.4	6.1	8.2	12.6	1	3.6
Hanging wall disseminated	Inferred	33.2	0.5	26.6	14.9	27.1	7.2	5.1	2.4
Combined Total	Inferred	62.8	0.8	35.9	10.8	18.3	9.7	3.2	2.8

* Note: The Mineral Resource was estimated within constraining wireframe solids using a nominal 0.9% V₂O₅ lower cut off for the basal massive magnetite zone and using a nominal 0.4% V₂O₅ lower cut off for the hanging wall disseminated mineralisation zones. The Mineral Resource is quoted from all classified blocks within these wireframe solids above a lower cut-off grade of 0.4% V₂O₅. Differences may occur due to rounding.

The basal massive magnetite zone dips to the west at an average of 55°, has a true thickness ranging from 10 to 20 metres and has been modelled over a strike length of about 4.3km. The central and northern portions of this zone have been intersected and variably displaced by dolerite dykes, faults and quartz porphyry units (see Figure 2). Infill drilling will aid in enhanced interpretation of these portions.

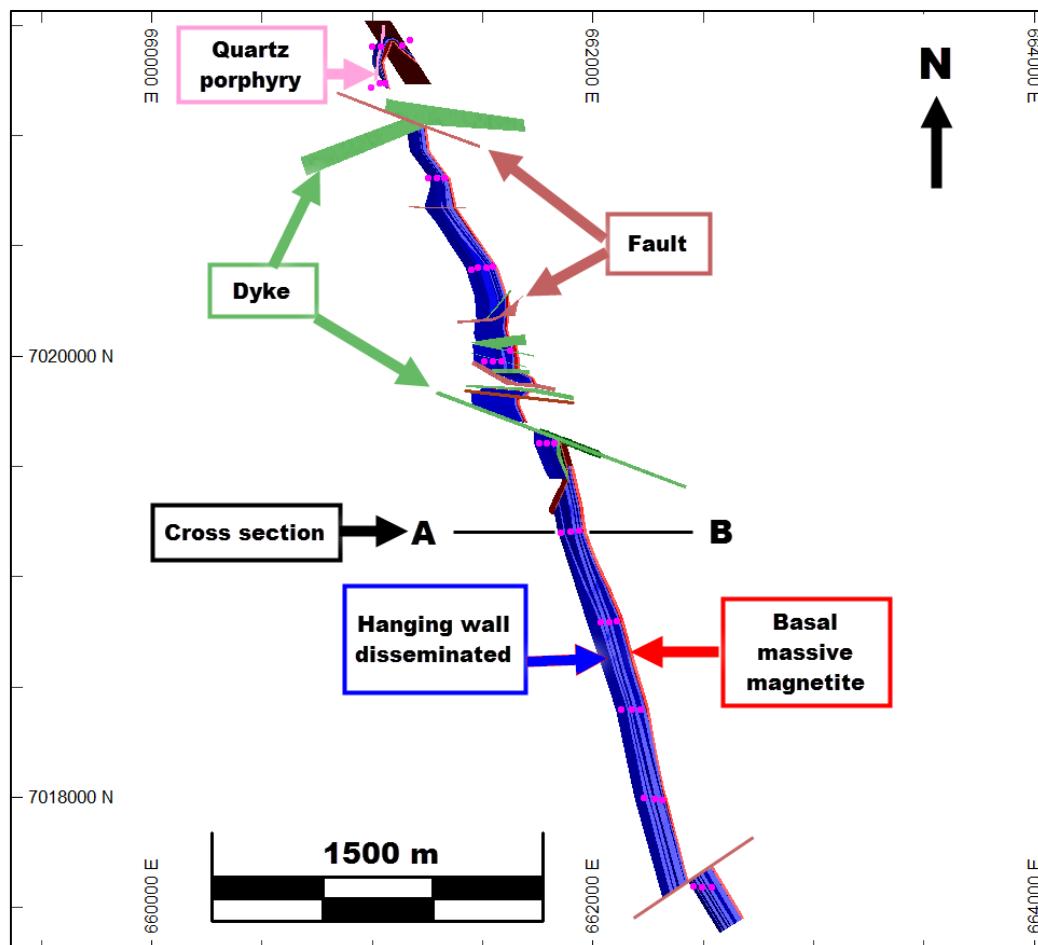


Figure 2: Plan View of the Modelled Mineralisation

DIRECTORS' REPORT (continued)

The hanging wall disseminated mineralisation consists of up to five separate layers with a cumulative thickness of up to 45m in the south, reducing to about 25m across three layers in the centre of the deposit and one layer of about 8m true thickness in the north. The schematic cross section in Figure 3 shows the high grade basal massive magnetite zone (red) overlain by a series of medium grade hanging wall disseminated lodes (blue). The geometry of the lodes may result in any open pit development of the basal massive magnetite zone incorporating the medium grade hanging wall disseminated lodes, thereby potentially resulting in an overall lower strip ratio. The lower strip ratio may be expected to have a potentially material positive impact on project economics, meaning that more of the high grade basal massive magnetite could be accessible in an open pit development.

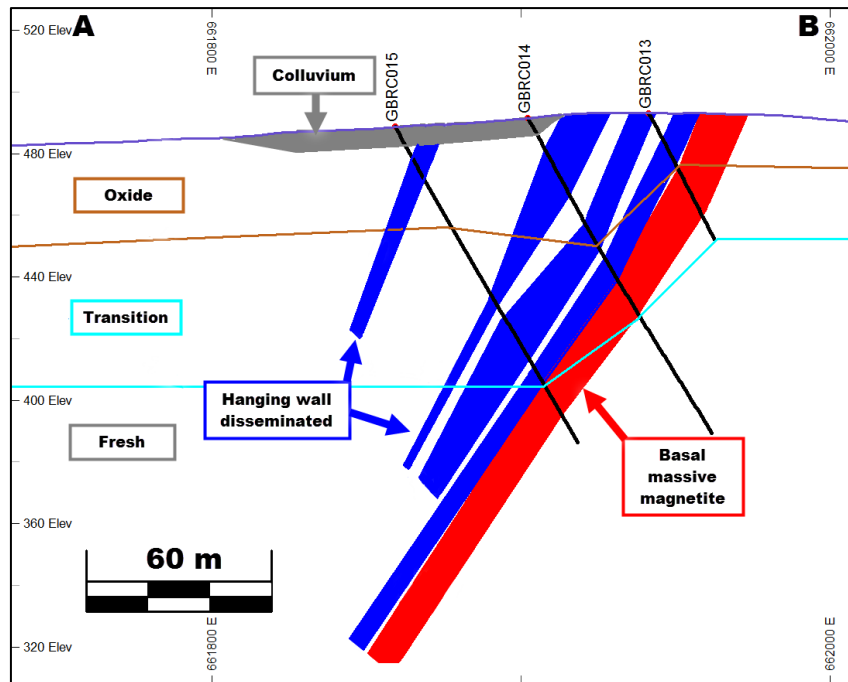


Figure 3: Schematic Cross Section Across Southern Portion of the Deposit

GRADE IS KEY

The grade of the maiden Resource, particularly the high grade component of 29.5Mt at 1.1% V_2O_5 establishes the Gabanintha Vanadium Project as a world class vanadium deposit with one of the highest grades in the World. The chart in Figure 4 shows the tonnage and grade of a range of layered mafic igneous unit hosted deposits and highlights the extremely advantageous position of the Company's high grade resource ("TMT HG").

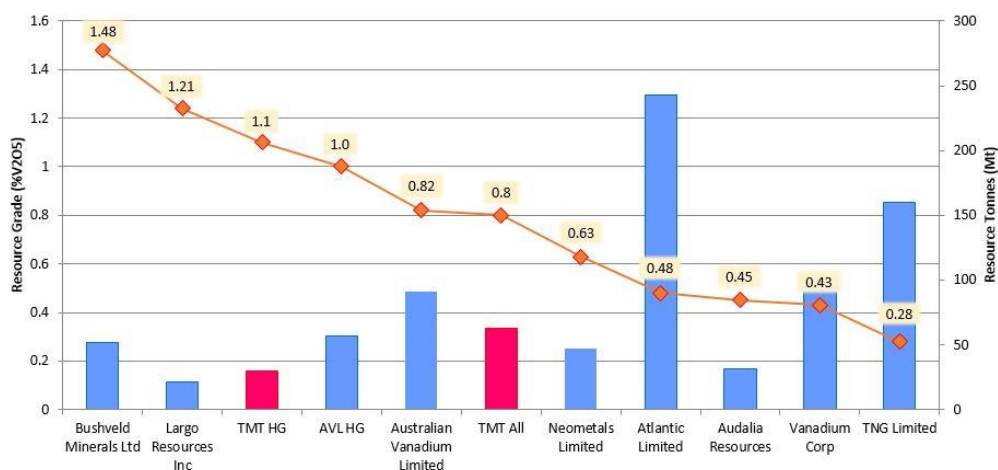


Figure 4: Global Vanadium Deposits – Tonnage – Grade Chart

DIRECTORS' REPORT (continued)

METALLURGICAL TESTWORK

The Company has engaged Mineral Engineering Technical Services Pty Ltd ("**METS**") as its metallurgical consultant tasked with planning, managing and reporting on the preliminary round of metallurgical testwork based on composite samples from the original RC drilling program. METS has wide ranging experience working on vanadium projects throughout the world, including work on the Barrambie, Mount Peake and Windimurra projects.

Subsequent to the end of the period the Company announced the results of the preliminary (sighter) round of metallurgical (magnetic separation) testwork ("**Testwork**") completed on four composite RC drill samples from the Project. The Testwork was designed to test the viability of producing a magnetic concentrate from each of the composites and provide data on the standard magnetic separation processing routes for this type of material. The tests undertaken include Davis Tube Recovery ("**DTR**"), Davis Tube Wash Test ("**DTW**") and Low Intensity Magnetic Separation ("**LIMS**"). The DTR testing delivered vanadium grades reporting to the magnetic concentrate of 1.40 to 1.53% V_2O_5 . Potential deleterious elements aluminium (Al_2O_3) and silica (SiO_2) in the magnetic concentrate are very low, ranging from 2.1 to 2.8% and 0.4 to 1.2% respectively for a combined total at or below 4% of the concentrate. The DTW tests delivered exceptional vanadium recoveries at 106 micron, ranging from 75.4% for the Transition composite (for a 1.51% V_2O_5 grade in concentrate) up to 91% for the Fresh composite (for a 1.39% V_2O_5 grade in concentrate).

WORK PROGRAM SUBSEQUENT TO THE END OF THE PERIOD

Drilling designed to infill and extend the Resource on the Northern Block of tenements at the Project and complete initial drill testing of the Southern Tenement commenced on 19 July 2017 and was completed on 8 September 2017. The program consisted of 72 RC holes for 7,491m and 13 Diamond holes for 1,235m.

The Company designed the resource infill and extensional drilling in the Northern Block of tenements in consultation with its independent geological consultants, CSA Global, to enhance the confidence level / category of the maiden Inferred Resource as well as increase the overall resource estimate in this portion of the Project. The diamond drilling within the Northern Block of tenements was designed to provide representative samples within the Resource for detailed metallurgical testwork as well as provide detailed geological data relating to the various mineralised lodes and surrounding host rocks. Initial RC drilling on the Southern Tenement targeted approximately 1.5km of strike of outcropping ironstone interpreted to represent the same massive magnetite zone within the layered mafic igneous unit intersected in the Northern Block of tenements.

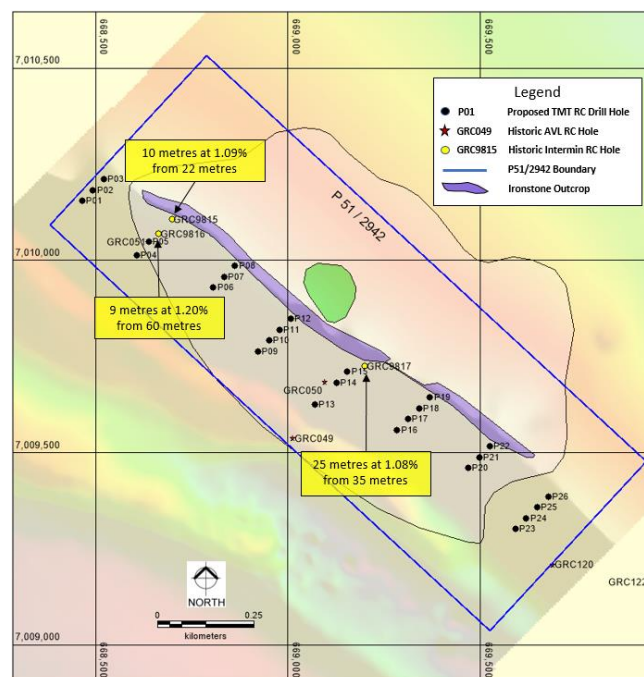


Figure 5: Southern Tenement Proposed Drilling

DIRECTORS' REPORT (continued)

ABOUT VANADIUM

Vanadium is a hard, silvery grey, ductile and malleable speciality metal with a resistance to corrosion, good structural strength and stability against alkalis, acids and salt water. The elemental metal is rarely found in nature. The main use of vanadium is in the steel industry where it is primarily used in metal alloys such as rebar and structural steel, high speed tools, titanium alloys and aircraft. The addition of a small amount of vanadium can increase steel strength by up to 100% and reduces weight by up to 30%. Vanadium high-carbon steel alloys contain in the order of 0.15 to 0.25% vanadium while high-speed tool steels, used in surgical instruments and speciality tools, contain in the range of 1 to 5% vanadium content. Global economic growth and increased intensity of use of vanadium in steel in developing countries will drive near term growth in vanadium demand.

An emerging and likely very significant use for vanadium is the rapidly developing energy storage (battery) sector with the expanding use and increasing penetration of the vanadium redox batteries ("VRB's"). VRB's are a rechargeable flow battery that uses vanadium in different oxidation states to store energy, using the unique ability of vanadium to exist in solution in four different oxidation states. VRB's provide an efficient storage and re-supply solution for renewable energy – being able to time-shift large amounts of previously generated energy for later use – ideally suited to micro-grid to large scale energy storage solutions (grid stabilisation). Some of the unique advantages of VRB's are:

- a lifespan of 20 years with very high cycle life (up to 20,000 cycles) and no capacity loss,
- rapid recharge and discharge,
- easily scalable into large MW applications,
- excellent long term charge retention,
- improved safety (non-flammable) compared to Li-ion batteries, and
- can discharge to 100% with no damage.

Global economic growth and increased intensity of use of vanadium in steel in developing countries will drive near term growth in vanadium demand.

The global vanadium market has been operating in a deficit position for the past five years (source: TTP Squared Inc), with a forecast deficit of 9,700 tonnes in 2017. As a result vanadium inventories have been in steady decline since 2010 and they are forecast to be fully depleted in 2017 (source: TTP Squared Inc). Significant production declines in China and Russia have exacerbated this situation, with further short term production curtailment expected in China as a result of potential mine closures resulting from impending environmental inspections.

The tightening supplies of vanadium are resulting in a global shortage, with prices appreciating dramatically in recent months (see Figure 7). The attached 12 month price chart shows V_2O_5 prices at US\$6.30/lb as at 21 July 2017, a doubling of the price over the past 12 months. Reports out of China this week have indicated further significant increases in the "spot" market, with trades completed at US\$8.30/lb V_2O_5 a +30% increase over the course of the week.

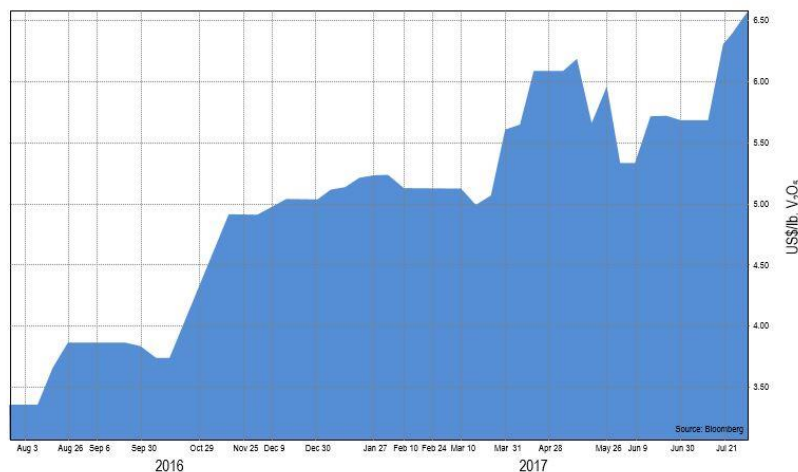


Figure 6: Vanadium Pentoxide (98%) US\$/lb 12 Month Price Chart (source: Bloomberg)

DIRECTORS' REPORT (continued)

TENEMENT STATUS

During the June 2017 quarter the Company applied for, and was granted, extension of terms for E51/1510 and P51/2785. E51/1510 has been extended for a further 5 years, to 1 July 2022, and P51/2785 has been extended for a further four years, to 7 May 2021. There have been no other changes in the Company's tenement position.

Table 2: Tenement Status as at 30 June 2017

LOCATION	TENEMENT	ECONOMIC INTEREST
Gabanintha Project (WA)	E51/1510-I	100%
Gabanintha Project (WA)	P51/2785-I	100%
Gabanintha Project (WA)	P51/2942	100%
Gabanintha Project (WA)	P51/2943	100%
Gabanintha Project (WA)	P51/2944	100%
Gabanintha Project (WA)	ELA51/1818	100% - Application

CORPORATE

The delivery of the outstanding maiden Resource during the June quarter has triggered the performance hurdle for the Class A Performance Shares. These performance shares were converted in to 10 million fully paid ordinary shares and 10 million Class B Performance Shares. All of the newly issued securities are restricted until 21 December 2018.

The Class B Performance Shares convert in to 10 million fully paid ordinary shares on achievement of an indicated resource of 20 Million tonnes at greater than 0.8% V₂O₅ on or before 31 December 2019. Any fully paid ordinary shares issued on conversion of the Class B Performance Shares are subject to restriction until 21 December 2018.

Subsequent to the end of the financial year the Company entered in to a mandate with PAC Partners Pty Limited ("PAC Partners") to provide research and equity capital markets services on normal commercial terms⁵ to help to build investor awareness and in turn market support for the Company within the Australian and Asian institutional and high net worth investor community. A key focus of the mandate with PAC Partners is the introduction of the Company to potential cornerstone investors, end users and/or offtake partners.

PAC Partners is a leading provider of institutional equities research and equity capital markets services, with a focus on emerging companies. PAC Partners have raised more than \$200 million in new equity capital for a broad range of companies over the past year, including \$4m for the Technology Metals IPO. The PAC Partners team assigned to the mandate includes experienced analysts, sales and consultants based in Australia and Asia.

Subject to shareholder approval, under the mandate the Company will issue 3.0 million options exercisable at \$0.35 expiring on 31 July 2020 to internal and external advisors associated with PAC Partners. In addition, PAC Partners will be issued 1.0 million options exercisable at \$0.35 expiring on 31 July 2020 for achieving a 30 day VWAP above \$0.40 on or prior to December 31 2017.

1 – Technology Metals Australia – ASX Announcement dated 13 June 2017. Maiden Inferred Resource Defined at Gabanintha Including High Grade Component of 29.5Mt at 1.1% V₂O₅. Ian Prentice.

2 – Technology Metals Australia – ASX Announcement dated 13 June 2017. TMT – Investor Presentation June 2017. Ian Prentice.

3 – Technology Metals Australia – ASX Announcement dated 19 April 2017, Exceptional Widths and V₂O₅ Grades from Maiden Drilling at Gabanintha. Ian Prentice

4 – Technology Metals Australia – ASX Announcement dated 5 April 2017. TMT – Investor Presentation April 2017. Ian Prentice.

5 – Technology Metals Australia – ASX Announcement dated 4 April 2017. Broad High Grade +1.0% V₂O₅ Zones intersected in each of the First 12 Holes at Gabanintha. Ian Prentice.

6 – Technology Metals Australia – ASX Announcement dated 8 February 2017. Magnetism Survey Defines Target Zone – RC Drilling to Commence Mid-February. Ian Prentice.

DIRECTORS' REPORT (continued)

Forward-Looking Statements

This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Technology Metal Australia Limited's planned exploration programs, corporate activities and any, and all, statements that are not historical facts. When used in this document, words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should" and similar expressions are forward-looking statements. Technology Metal Australia Limited believes that its forward-looking statements are reasonable; however, forward-looking statements involve risks and uncertainties and no assurance can be given that actual future results will be consistent with these forward-looking statements. All figures presented in this document are unaudited and this document does not contain any forecasts of profitability or loss.

Competent Persons Statement

The information in this report that relates to Exploration Results are based on information compiled by Mr Ian Prentice. Mr Prentice is a Director of the Company and a member of the Australian Institute of Mining and Metallurgy. Mr Prentice has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this report and to the activity which they are undertaking 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' ("JORC Code"). Mr Prentice consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources are based on information compiled by Mr Galen White. Mr White is a Principal Consultant with CSA Global and a Fellow of the Australian Institute of Mining and Metallurgy. Mr White has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this report and to the activity which they are undertaking 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' ("JORC Code"). Mr White consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Processing and Metallurgy for the Gabanintha project is based on and fairly represents, information and supporting documentation compiled by Damian Connelly who is a Fellow of The Australasian Institute of Mining and Metallurgy and a full time employee of METS. Damian Connelly has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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'. Damian Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Significant changes in the state of affairs

During the period ending 30 June 2017, Technology Metals Australia Limited (ASX: TMT) ("Technology Metals" or the "Group") completed the acquisition of The Kop Ventures Pty Ltd, and its wholly owned Gabanintha Vanadium Project, and successfully listed the Australian Securities Exchange following the raising of \$4.0 million (before costs of the offer) from the issue of 20 million shares at \$0.20 per ordinary share via an Initial Public Offer.

Significant events after balance date

On 4 July 2017, the Company announced the conversion of Class A Performance Shares in to 10 million fully paid ordinary shares and issue of 10 million Class B Performance Shares following achievement of an inferred resource of 30 Million tonnes at greater than 0.8% V2O5 on or before 31 December 2019 (refer to ASX release titled, 'MAIDEN INFERRED RESOURCE - HIGH GRADE OF 29.5MT AT 1.1% V2O5'). The conversion and issue was in accordance with the details contained in the Company's Prospectus dated 13 October 2016 and subsequent Supplementary Prospectus dated 27 October 2016 & 28 November 2016.

There has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

Environmental legislation

The Company is subject to significant environmental and monitoring requirements in respect of its natural resources exploration activities.

The directors are not aware of any significant breaches of these requirements during the period.

DIRECTORS' REPORT (continued)

Dividends

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

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial period the Company paid a premium in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Remuneration report

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Technology Metals Australia Limited for the financial period ended 30 June 2017. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Key Management Personnel

The Directors and other key management personnel of the Group during or since the end of the financial period were:

Directors

Michael Fry	Chairman (non-executive) (Appointed 20 May 2016)
Ian Prentice	Executive Director (Appointed 20 May 2016)
Sonu Cheema	Non-executive Director and Company Secretary (Appointed 20 May 2016)

The named persons held their current positions for the whole of the financial period and since the end of financial period.

Remuneration philosophy

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

The Remuneration Committee of the board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the CEO and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

DIRECTORS' REPORT (continued)

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

The Board is satisfied that the recommendations were made free from undue influence from any members of key management personnel.

Non-executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. The Group's constitution states that an aggregate remuneration of \$250,000 per period can be paid to the non-executive directors. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually.

The Board considers advice from external stakeholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Group. The current fee for non-executive directors is \$40,000 per annum and \$60,000 per annum for non-executive chairman. Each Director receives a fee for being a Director of the Company. An additional fee is also paid for each Board Committee on which a Director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by Directors who serve on one or more sub committees.

Senior manager and executive Director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary. Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. The fixed remuneration component is detailed in Key Management Personnel remuneration for the period ended 30 June 2017 table.

Employment Contracts

On 15 August 2016, the Group entered into an executive consulting services agreement with Mr Prentice (Executive Consulting Services Agreement) effective as from date of listing with ASX. Under the Executive Consulting Services Agreement, Mr Prentice is engaged to provide services to the Group as the Executive Director, based in Perth, Western Australia. Mr Prentice is to be paid a monthly remuneration of \$10,000 plus GST. Mr Prentice will also be reimbursed for reasonable expenses incurred in carrying out his duties. The Executive Consulting Services Agreement can be terminated by three month's written notice from the Company, while Mr Prentice can terminate by providing one month's written notice.

DIRECTORS' REPORT (continued)*Remuneration of Key Management Personnel*Key Management Personnel remuneration for the period ended 30 June 2017

30 June 2017	Short-term employee benefits		Post-employment benefits	Long-term benefits	Share-based payments		Total	Performance Related
	Salary & fees	Non-monetary benefits	Superannuation	Long service leave	Share options	Performance Rights		
	\$	\$	\$	\$	\$		\$	%
Non-executive Directors								
Michael Fry	26,774	-	-	-	119,638	-	146,412	82%
Sonu Cheema	21,288	-	-	-	14,955 ¹	-	36,243	41%
Executive Director								
Ian Prentice	63,548	-	-	-	239,276	28,240	331,064	72%
	111,610	-	-	-	373,869	28,240	513,719	73%

¹ Represents the value of 250,000 options, exercisable at \$0.25 on or before 31 December 2019. An additional 250,000 options were granted to an unrelated, third party at Mr Cheema's nomination.

No member of key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position. No cash bonuses were granted as compensation during the current financial period.

Details of employee share option plans granted as compensation for the current financial period

For details on the valuation of the options, including models and assumptions used, please refer to Note 13. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Terms and conditions of share-based plans in existence affecting key management personnel during the financial period or future financial years are:

	Grant date	Grant date fair value	Exercise price	Expiry date	Vesting date
		\$	\$		
Unquoted Options	20/12/2016	\$0.0598	\$0.25	31 December 2019	-

There have been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

Share-based payments granted as compensation to key management personnel during the current financial period*Share Options*

	Option series	Granted during the period	Vested during the period	% of grant vested	% of grant forfeited
		Number	Number	%	%
Non-Executive Directors					
Michael Fry	Unquoted Options	2,000,000	2,000,000	100%	-
Sonu Cheema	Unquoted Options	250,000	250,000	100%	-
Executive Director					
Ian Prentice	Unquoted Options	4,000,000	4,000,000	100%	-
		6,250,000	6,250,000	100%	-

No options were exercised during the financial period.

DIRECTORS' REPORT (continued)*Performance Shares*

	Class	Granted during the period Number	Vested during the period Number	% of grant vested %	% of grant forfeited %
Directors					
Michael Fry	Class A	-	-	-	-
	Class B	-	-	-	-
Sonu Cheema	Class A	-	-	-	-
	Class B	-	-	-	-
Executives					
Ian Prentice	Class A	100,000	-	-	-
	Class B	100,000	-	-	-
		200,000	-	-	-

The vesting conditions of the classes of performance shares are as follows:

- Class A performance shares convert into 1 (one) ordinary share and 1 (one) Class B performance share upon the definition by the Company (or an entity controlled by the Company) of an inferred resource of 30,000,000 tonnes of vanadium oxide ore at greater than 0.8% at the Gabanintha Project on or before 31 December 2019.
- Class B performance shares convert into 1 (one) ordinary share upon the definition the definition by the Company (or an entity controlled by the Company) of an indicated resource of 20,000,000 tonnes of vanadium oxide ore at greater than 0.8% at the Gabanintha Project on or before 31 December 2019.

No performance rights vested during the financial period. On 4 July 2017, subsequent to the end of the reporting period, 10,000,000 Class A performance shares were converted and the Company issued 10,000,000 ordinary shares and 10,000,000 Class B performance shares.

*Key management personnel equity holdings*Fully paid ordinary shares

	Balance at beginning of period Number	Granted as compensation Number	Received on exercise of options Number	Net change other Number	Balance at end of period Number	Balance held nominally Number
30 June 2017						
Directors						
Michael Fry	-	-	-	10,000	10,000	
Sonu Cheema	-	-	-	20,000	20,000	
Executives						
Ian Prentice	-	-	-	75,000	75,000	
	-	-	-	105,000	105,000	

Share options

	Balance at beginning of period Number	Granted as compensation Number	Net change other Number	Balance at end of period Number	Balance vested at end of period Number	Vested and exercisable Number	Options vested during the period Number
30 June 2017							
Directors							
Michael Fry	-	2,000,000	-	2,000,000	2,000,000	2,000,000	2,000,000
Sonu Cheema	-	250,000	-	250,000	250,000	250,000	250,000
Executives							
Ian Prentice	-	4,000,000	-	4,000,000	4,000,000	4,000,000	4,000,000
	-	6,250,000	-	6,250,000	6,250,000	6,250,000	6,250,000

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan.

DIRECTORS' REPORT (continued)

Other transactions with key management personnel

On 10 October 2016, the Group entered into an agreement with Cicero Corporate Services Pty Ltd (an entity in which Mr Cheema is shareholder and partner) ("Cicero") defining the terms of engagement for the provision of administration services by Cicero as a contractor to the Group. Cicero will provide the office rent, book-keeping, company secretarial and administration services to the Company for a monthly fee of \$10,000 plus GST.

END OF REMUNERATION REPORT

Directors' Meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the period and the number of meetings attended by each Director were as follows:

	Directors' meetings
Number of meetings held:	2
Number of meetings attended:	
Michael Fry	2
Ian Prentice	2
Sonu Cheema	2

In addition, there were 7 circular resolutions signed by the board.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 22 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110: *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 19 and forms part of this Directors' report for the period ended 30 June 2017.

Signed in accordance with a resolution of the Directors.



Michael Fry
Chairman

Perth, Western Australia; Dated this 29th day of September 2017

CORPORATE GOVERNANCE STATEMENT

Technology Metals Australia Limited ("the Company") and the Board of Directors are committed to achieving the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out on the Company's website <http://www.tmtlimited.com.au/corporate-governance>. All these practices, unless otherwise stated, were in place for the entire period and comply with the ASX Corporate Governance Principles and Recommendations and are contained in the accompanying Appendix 4G for the period ended 30 June 2017.



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Technology Metals Australia Limited for the period ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
29 September 2017

A handwritten signature in blue ink, appearing to read 'Norman Glau'.

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  HLB International, a world-wide organisation of accounting firms and business advisers

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

		Consolidated 20 May 2016 to 30 June 2017 \$
	Notes	
Continuing operations		
Other income	2(a)	32,270
Administration expense		(569,796)
Exploration expenses		(14,805)
Share based payments expense	13	(28,240)
Loss before income tax		(580,571)
Income tax benefit	3	116,103
Net loss for the period		(464,468)
Other comprehensive income, net of income tax		-
Other comprehensive income for the period, net of income tax		-
Total comprehensive loss for the period		(464,468)
Basic and diluted earnings per share (cents per share)	5	(3.34)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	Consolidated 30 June 2017 \$
Assets		
Current assets		
Cash and cash equivalents	6	2,881,796
Trade and other receivables	7	7,135
Other current assets	7	29,094
Total current assets		2,918,025
Non-current assets		
Property, Plant and Equipment	8	5,321
Deferred exploration and evaluation expenditure	9	3,932,272
Total non-current assets		3,937,593
Total assets		6,855,618
Liabilities		
Current liabilities		
Trade and other payables	10	71,070
Accruals	10	35,818
Total current liabilities		106,888
Non-current liabilities		
Deferred tax liabilities	3	98,183
Total non-current liabilities		98,183
Total liabilities		205,071
Net assets		6,650,547
Equity		
Issued capital	11	3,471,460
Reserves	12	3,643,555
Accumulated losses		(464,468)
Total equity		6,650,547

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

	Notes	Issued capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
Balance on incorporation		-	-	-	-
Loss for the period		-	-	(464,468)	(464,468)
Other comprehensive income for the period, net of income tax		-	-	-	-
Total comprehensive loss for the period		-	-	(464,468)	(464,468)
Shares issued on incorporation		1	-	-	1
Shares Issued vendor shares	11	500,000	-	-	500,000
Shares issued placement offer	11	260,000	-	-	260,000
Shares Issued prospectus offer	11	4,000,000	-	-	4,000,000
Options issued to Lead Manager	11	(819,521)	819,521	-	-
Convertible securities issued to vendor and executive director	11	-	2,824,034	-	2,824,034
Share issue costs		(469,020)	-	-	(469,020)
Balance at 30 June 2017		3,471,460	3,643,555	(464,468)	6,650,547

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2017

	Notes	Consolidated 30 June 2017 \$
Cash flows from operating activities		
Payments to suppliers and employees		(501,331)
Interest received	2(a)	32,270
Net cash outflow from operating activities	6	(469,061)
Cash flows from investing activities		
Net cash outflow from acquisition of KOP	15	(11,701)
Deferred exploration expenditure	9	(422,192)
Property, Plant and Equipment	8	(6,231)
Net cash outflow from investing activities		(440,124)
Cash flows from financing activities		
Proceeds from the issue of shares	11	4,260,001
Payments for share issue costs	11	(469,020)
Net cash inflow from financing activities		3,790,981
Net increase in cash held		2,881,796
Cash and cash equivalents at incorporation		-
Cash and cash equivalents at the end of the period		2,881,796

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with the other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

For the purposes of preparing the annual financial report, the period has been treated as a discrete reporting period.

Comparatives

The Corporations Act allows for a period of up to 18 months as the first financial period. The Company was incorporated on 20 May 2016, this is the first financial period of the Company and covers the period from incorporation to 30 June 2017. Accordingly, no comparative information is provided.

Historical cost convention

These financial statements have been prepared under the historical cost convention, and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(d).

Going concern

This financial information has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2017.

In the period ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

The Directors have also reviewed all of the new and revised Standards and Interpretations issued but not yet effective that are relevant to the Company and effective for the annual reporting period beginning on or after 1 July 2017. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Statement of compliance

The financial report was authorised for issue on 29th September 2017

The financial report complies, with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes there to, complies with International Financial Reporting Standards (IFRS).

(d) Significant 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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by use of the Black-Scholes model, using the assumptions detailed in Note 13.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that further economic benefits are likely whether from the further exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of Directors of Technology Metals Australia Limited.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(h) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when 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, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

(k) Impairment of tangible and intangible assets other than goodwill

The Directors assess at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or classes of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

(l) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(n) Trade payables

These amounts represent liabilities for goods or services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(o) Employee Entitlements

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Based on the Group's experience of employee departures, a long service leave liability is only recognised once an employee has been employed by the Group for a period of 5 years. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment	2 years
---------------------	---------

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(q) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(r) Earnings per share

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

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(f) Parent entity financial information

The financial information for the parent entity, Technology Metals Australia Limited, disclosed in Note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 2: REVENUE AND EXPENSES

Consolidated
30 June 2017
\$

(a) Other income

Finance revenue - bank interest	32,270
	<u>32,270</u>

(b) Other expenses

Consulting fees	202,210
Legal fees	7,927
Travel expenses	62,822
Audit fees	35,000
Professional fees	63,500
Administrative expenses	97,502
Director fees	111,610

NOTE 3: INCOME TAX

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Consolidated
30 June 2017
\$

Accounting (loss) before income tax	(580,571)
Income tax (benefit) calculated at 27.5%	(159,657)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:	
• Tax effect of non-deductible share-based payments	7,766
• Tax effect of other non-deductible expenses	27,432
• Effect of tax losses not brought to account	8,356
Income tax benefit reported in the consolidated statement of comprehensive income	<u>116,103</u>

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 3: INCOME TAX (continued)

Deferred tax assets and liabilities comprise:

**Consolidated
30 June 2017
\$**

Deferred Tax Liabilities

Fair value adjustments on acquisition of The KOP Ventures Pty Ltd

214,286

Less recognition of deferred tax asset on exploration expenditure

(116,103)

98,183

NOTE 4: SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker. Due to the nature and size of the Group, the Board as a whole has been determined to be the Chief Operating Decision Maker.

The Group operates in one industry and geographical sector, being the exploration for vanadium in Western Australia.

NOTE 5: EARNINGS PER SHARE

**Consolidated
30 June
2017
Cents per share**

Basic loss per share

Continuing operations

(3.34)

Total basic loss per share

(3.34)

\$

Loss for the period

(464,468)

No.

Weighted average number of ordinary shares for the purposes of basic loss per share:

13,913,152

There are no potential ordinary shares that are considered dilutive, as a result no dilutive earnings per share has been disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated 30 June 2017 \$
Cash at bank and on hand	372,550
Short-term deposits	2,509,246
	<u>2,881,796</u>

Cash at bank earns 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.

Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated 30 June 2017 \$
Net loss for the period	(464,468)
Change in net assets and liabilities, net of effects from acquisition and disposal of businesses	
(Increase)/decrease in assets:	
- Trade and other receivables	36,229
- Other current assets	3,301
- Depreciation	910
Increase/(decrease) in liabilities:	
- Trade and other payables	71,070
- Deferred tax	(116,103)
Net cash from operating activities	<u>(469,061)</u>

NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated 30 June 2017 \$
GST recoverable	29,094
Other	7,135
	<u>36,229</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Consolidated 30 June 2017 \$	
	Plant and equipment	Total
Balance at 1 July 2016		
Additions	6,231	6,231
Depreciation	(910)	(910)
Balance at 30 June 2017	<u>5,321</u>	<u>5,321</u>

NOTE 9: DEFERRED EXPLORATION

	Consolidated 30 June 2017 \$
Balance at beginning of the period	-
Expenditure during the period	422,192
Acquisition of KOP (Note 15)	511,553
Deferred tax liability uplift on acquisition of KOP (Note 3)	214,286
Performance shares issued during the period	<u>2,784,241</u>
	<u>3,932,272</u>

The recoupment of cost carried forward in relation to the above area of interest in the exploration phase is dependent on the successful development and commercial exploitation or sale of the respective area.

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated 30 June 2017 \$
Trade payables (i)	71,070
Accrued expenses	<u>35,818</u>
	<u>106,888</u>

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 11: ISSUED CAPITAL

Consolidated
30 June
2017
\$

Ordinary shares issued and fully paid

25,100,001

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

	Number	\$
(i) Movement in ordinary shares		
Initial seed capital on incorporation	1	1
Shares issued for seed capital	2,600,000	260,000
Shares issued as part consideration for the acquisition of KOP	2,500,000	500,000
Shares issued pursuant to prospectus	20,000,000	4,000,000
Share issue costs - cash	-	(469,020)
Share issue costs – options issued to Lead Manager	-	(819,521)
Balance at end of period	25,100,001	3,471,460

OPTIONS

	Number	\$
(j) Movement in options		
Balance at incorporation	-	-
Options exercisable on or before 31 December 2019:		
Issued free attaching to seed capital raising	1,300,000	-
Issued to consultants and directors	13,700,000	819,521
Balance at end of period	15,000,000	819,521

PERFORMANCE SHARES

	Number	\$
Balance at incorporation	-	-
Issued as part consideration for acquisition of KOP	10,000,000	-
Comprising:		
Class A Performance shares	10,000,000	2,000,000
Class B Performance shares ¹	-	824,034
Balance at end of period	10,000,000	2,824,034

¹ – Class B Performance shares have been recognised over the period from grant date, being 20 December 2017, until their expected vesting date. These performance shares were issued subsequent to balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 11: ISSUED CAPITAL (continued)

The key conversion terms and conditions on performance shares are listed below.

- (i) A Class A Performance Share will convert into one Share and 1 Class B Performance Share upon the definition by the Company (or an entity controlled by the Company) of an inferred resource of 30,000,000 tonnes of vanadium oxide ore at greater than 0.8% at the Gabanintha Project on or before 31 December 2019. On 4 July 2017, the company issued 10,000,000 ordinary shares and 10,000,000 Class B performance shares on successful conversion.
- (ii) A Class B Performance Share will convert into one Share upon the definition by the Company (or an entity controlled by the Company) of an indicated resource of 20,000,000 tonnes of vanadium oxide ore at greater than 0.8% at the Gabanintha Project on or before 31 December 2019.

NOTE 12: RESERVES

Nature and purpose of reserves

Share-based payments reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to note 13 for further details of these plans.

	Consolidated 30 June 2017 \$
Balance at incorporation	-
Issue of options to consultants and directors	819,521
Issue of performance shares	2,824,034
	<u>3,643,555</u>

NOTE 13: SHARE-BASED PAYMENTS

Share Options

The contractual life of each option granted is 3 years. There are no cash settlement alternatives.

The expense recognised in the statement of comprehensive income in relation to share-based payments is disclosed as follows.

The following share-based payment arrangements were in place during the current period:

	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$	Vesting date
Unquoted Options	15,000,000	20/12/2016	31/12/2019	\$0.25	\$0.059	-

The key assumptions used in the determination of the Fair Value are as follows:

- Risk-free interest rate - 1.69%
- Expected volatility - 50%

There has been no alteration of the terms and conditions of the above share-based payment arrangement since grant date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 13: SHARE-BASED PAYMENTS (continued)

The following table illustrates the number (No.) and weighted average exercise prices of, and movements in, share options issued during the period:

	30 June 2017	
	Number	Weighted average exercise price \$
Outstanding at the beginning of the period	-	-
Granted during the period	15,000,000	\$0.25
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of period	15,000,000	\$0.25
Exercisable at the end of period	15,000,000	\$0.25

The share options outstanding at the end of the period had an exercise price of \$0.25 and a weighted average remaining contractual life of 1,217 days.

The weighted average fair value of options granted during the period was \$0.059.

The fair value of the equity-settled share options granted under both the option and the loan plans is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTE 14: FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged during the financial period.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 14: FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments

	Weighted Average Interest Rate	Consolidated 30 June 2017 \$
<u>Financial assets</u>		
Cash and cash equivalents	1.76%	2,881,796
Other financial assets	-	36,229
<u>Financial liabilities</u>		
Trade and other payables	-	71,070
Accruals	-	35,818
Deferred Tax Liabilities	-	214,286

Financial risk management objectives

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and commodity price risk including foreign exchange forward contracts to hedge the exchange rate and commodity price risk arising on its production.

Interest rate risk sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at balance date and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period.

A 10 basis point increase is used when reporting interest rate risk internally to management and represents management's assessment of the change in interest rates.

At balance date, if interest rates has been 10 basis points higher or lower and all other variables were held constant, the Group's:

- Profit or loss would increase/decrease by \$58,057
- Net Equity would increase/decrease by \$58,057

NOTE 15: ACQUISITION OF THE KOP VENTURES PTY LTD

On 20 December 2016, the Company announced the completion of the acquisition of the issued capital of The Kop Ventures Pty Ltd (KOP) (ACN 604 932 676) as below.

The nature of this transaction does not meet the criteria of AASB 3 Business Combinations and, therefore, the transaction has been treated as the acquisition of assets and liabilities, predominately the Gabanintha project which has been recognised as deferred exploration and evaluation expenditure (refer Note 9).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 15: ACQUISITION OF THE KOP VENTURES PTY LTD (continued)

Consideration

- the payment of \$11,956 being the reimbursement of expenditure incurred in developing the Gabanintha Project and the forgiveness of related party loans;
- the issue of 2,500,000 ordinary fully paid shares at an issue price of \$0.20;
- the issue of 10,000,000 Class A Performance shares; and
- the issue of 10,000,000 Class B Performance shares.

A Performance Share in the relevant class will convert upon the achievement of:

- A Class A Performance Share will convert into one Share and 1 Class B Performance Share upon the definition of an inferred resource of 30,000,000 tonnes of vanadium oxide ore at greater than 0.8% at the Gabanintha Project on or before 31 December 2019.
- A Class B Performance Share will convert into one Share upon the definition by the Company (or an entity controlled by the Company) of an indicated resource of 20,000,000 tonnes of vanadium oxide ore at greater than 0.8% at the Gabanintha Project on or before 31 December 2019.

Consideration transferred

Acquisition date fair value of the consideration transferred:

	Fair value at acquisition date
	\$
Cash consideration	11,956
Ordinary shares issued	500,000
Total consideration	<u>511,956</u>

Assets acquired and liabilities assumed at the date of acquisition

The Group has recognised the fair values of the identifiable assets and liabilities as follows:

	Fair value at acquisition date
	\$
Cash and cash equivalents	255
Other receivables	148
Fair value of exploration and evaluation expenditure acquired	511,553
	<u>511,956</u>

Net cash flow arising on acquisition

The cash flow on acquisition is as follows:

	Fair value at acquisition date
	\$
Cash paid	(11,956)
Cash acquired	255
Net cash outflow	<u>(11,701)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 16: COMMITMENTS AND CONTINGENCIES

Officers Remuneration Commitments

The Group entered into remuneration commitments with all the non-executive directors of the Group effective 20 December 2016, for all services rendered from this date forward. The non-executive director and non-executive chairman salaries has been set at \$40,000 and \$60,000 respectively. Remuneration of non-executive directors is reviewed annually.

Effective 20 December 2016, the Group entered into an executive director service agreement with Mr Prentice (Executive Director Agreement). Under the Executive Director Agreement, Mr Prentice is engaged to provide services to the Group in the capacity of Executive Director, based in Perth, Western Australia. Mr Prentice is to be paid remuneration of \$120,000 per annum. Mr Prentice will also be reimbursed for reasonable expenses incurred in carrying out his duties. The Executive Director Agreement can be terminated by one month's written notice from the Company, while Mr Prentice can terminate by providing three months written notice.

Administration Agreement

On 10 October 2016, the Group entered into an agreement with Cicero Corporate Services Pty Ltd (an entity in which Mr Cheema is shareholder and partner) ("Cicero") defining the terms of engagement for the provision of administration services by Cicero as a contractor to the Group. Cicero will provide the office rent, book-keeping, company secretarial and administration services to the Company for a monthly fee of \$10,000 plus GST.

Tenement Related Commitments and Contingencies

	30 June 2017
Commitments for exploration expenditure on Western Australian Projects	\$
Not longer than 1 year	64,250
Longer than 1 year and less than 2 years	128,500
Longer than 2 year and less than 5 years	192,750
	<u>385,500</u>

NOTE 17: RELATED PARTY DISCLOSURES

Transactions with Key Management Personnel

	30 June 2017
Short-term employee benefits	111,610
Post-employment benefits	-
Other long-term benefits	-
Termination benefits	-
Share-based payments	402,109
	<u>513,719</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 17: RELATED PARTY DISCLOSURES (continued)

Other Transactions with Key Management Personnel

On 10 October 2016, the Group entered into an agreement with Cicero Corporate Services Pty Ltd (an entity in which Mr Cheema is shareholder and partner) ("Cicero") defining the terms of engagement for the provision of administration services by Cicero as a contractor to the Group. Cicero will provide the office rent, book-keeping, company secretarial and administration services to the Company for a monthly fee of \$10,000 plus GST. Fees paid to Cicero for the period ending 30 June 2017 is \$64,712.

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

On 4 July 2017, the Company announced the conversion of Class A Performance Shares in to 10 million fully paid ordinary shares and issue of 10 million Class B Performance Shares following achievement of an inferred resource of 30 Million tonnes at greater than 0.8% V2O5 on or before 31 December 2019 (refer to ASX release titled, 'MAIDEN INFERRED RESOURCE - HIGH GRADE OF 29.5MT AT 1.1% V2O5'). The conversion and issue was in accordance with the details contained in the Company's Prospectus dated 13 October 2016 and subsequent Supplementary Prospectus dated 27 October 2016 & 28 November 2016.

No other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

NOTE 19: CONTINGENT LIABILITIES

There were no contingencies as at 30 June 2017.

NOTE 20: INTERESTS IN SUBSIDIARIES

Details of subsidiaries held are described below.

Transactions with subsidiaries

The consolidated financial statements include the financial statements of Technology Metals Australia Limited and the subsidiaries listed in the following table.

		% Equity interest	Investment
		30 June	30 June
	Country of	2017	2017
	incorporation	\$	\$
The Kop Ventures Pty Ltd	Australia	100%	3,488,235

Technology Metals Australia Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note. Details of transactions between the Group and other related entities are disclosed in Note 17. Details of the transaction value can be found in Note 15.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

NOTE 21: PARENT ENTITY DISCLOSURES

Financial position

	30 June 2017 \$
<u>Assets</u>	
Current assets	2,917,623
Non-current assets	3,940,900
Total assets	<u>6,858,520</u>
<u>Liabilities</u>	
Current liabilities	94,986
Non-current liabilities	214,286
Total liabilities	<u>309,272</u>
<u>Equity</u>	
Issued capital	3,471,462
Reserves	3,643,555
Retained earnings	(565,766)
Total equity	<u>6,549,251</u>

Financial performance

	30 June 2017 \$
Loss for the period	(565,766)
Other comprehensive income	-
Total comprehensive income	<u>(565,766)</u>

NOTE 22: AUDITOR'S REMUNERATION

The auditor of Technology Metals Australia Limited is HLB Mann Judd.

	30 June 2017 \$
<i>Auditor of the parent entity</i>	
Audit or review of the financial statements	23,500
All other services (Investigating Accountants Report)	11,500
	<u>35,000</u>

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Technology Metals Australia Limited (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the period then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - 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.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. 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 financial period ended 30 June 2017.

This declaration is signed in accordance with a resolution of the board of Directors.

Michael Fry
Chairman



Dated this 29th day of September 2017



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Technology Metals Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Technology Metals Australia Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period 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:

- a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the period then ended; and
- b) 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 period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying amount of exploration and evaluation expenditure Note 9 of the financial report</p>	
<p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition.</p> <p>Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> ▪ We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; ▪ We obtained a reconciliation the capitalised exploration expenditure from management and agreed each item, on a sample basis, to supporting documentation; ▪ We considered the Directors' assessment of potential indicators of impairment; ▪ We obtained evidence that the Group has current rights to tenure of its areas of interest; ▪ We examined the budget for the period ending 30 June 2018 and discussed with management the nature of planned ongoing activities; and ▪ We examined the disclosures made in the financial report.
<p>Share Based Payments Note 13 of the financial report</p>	
<p>The Group has entered into various share-based payment arrangements with both key management personnel and external parties, in the form of options and performance rights.</p> <p>We have considered this to be a key audit matter as we consider it a significant risk under auditing standards and it requires significant management judgement involving estimates that have a degree of estimation uncertainty.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> ▪ We considered the treatment of the share-based payment arrangements entered into by the Group to ensure these are consistent with the requirements of AASB 2 'Share-based payment'; and ▪ We examined the treatment of vesting conditions in relation to the amounts recorded for share-based payments during the period.

Information other than the financial report and auditor's report thereon

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.
- 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other



matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the 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

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the period ended 30 June 2017.

In our opinion, the remuneration report of Technology Metals Australia Limited for the period ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'N G Neill'.

N G Neill
Partner

Perth, Western Australia
29 September 2017

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The shareholder information set out below was applicable as at 27 September 2017.

1. Distribution of Shareholders

Analysis of number of shareholders by size of holding:

Spread of Holdings	Holders	Securities	% of Issued Capital
NIL holding	-	-	0.00%
1 - 1,000	11	280	0.00%
1,001 - 5,000	82	265,108	0.76%
5,001 - 10,000	93	821,848	2.34%
10,001 - 100,000	280	11,273,030	32.12%
Over 100,000	43	22,739,735	64.79%
TOTAL ON REGISTER	509	35,100,001	100.00%

There were 11 holders holding less than a marketable parcel of shares representing 280 shares.

2. Twenty Largest Shareholders

The names of the twenty largest holders by account holding of ordinary shares are listed below:

Rank	Holder Name	Securities	%
1	TWENTIETH CENTURY MOTOR COMPANY	9,250,000	26.35%
2	STATION NOM PL STATION S/F A/C	3,125,000	8.90%
3	MUNCHA CRUNCHA PL	967,522	2.76%
4	ALLEKIAN EXCHANGE PL	525,000	1.50%
5	KLEIN MATTHEW STEVEN	519,362	1.48%
6	T E & J PASIAS PL	500,000	1.42%
7	PRIMDONN NOM PL PRIMDONN SEC PL S/	450,000	1.28%
8	MANSON JOHN H + K A MAYFLOWER A/C	386,587	1.10%
9	DALY RICHARD T H + S K DALY FAM S/F A/C	374,469	1.07%
10	COTTER BRYAN RAYMOND	348,459	0.99%
11	ALLEKIAN NOM PL PRECISE ENG S/F A/	300,000	0.85%
12	DEMASIADO PL DEMASIADO FAM A/C	284,671	0.81%
13	ELBERG ALEX	276,000	0.79%
14	HC INV HLDGS PL JC A/C	270,000	0.77%
15	PERSHING AUST NOM PL ARGONAUT ACCOUNT	250,000	0.71%
16	TAIPAN INV MGNT PL TAIPAN NO 1 A/C	250,000	0.71%
17	SAM GOULOPOULOS PL S GOULOPOULOS F/SU	250,000	0.71%
18	BELLAIRE CAP PL BELLAIRE CAP INVES	247,478	0.71%
19	FINNIAN GRP PL	240,000	0.68%
20	NAGEL GERRY + MELISSA	230,000	0.66%
	TOP 20 TOTAL	19,044,548	54.25%

3. Securities Table**Capital Structure**

Tradeable Fully Paid Ordinary Shares	22.6m
Escrowed Fully paid Ordinary Shares ¹	12.5m
Fully Paid Ordinary Shares on Issue	35.1m
Unquoted Options ² (\$0.25 – 31/12/19 expiry)	15.0m
Class B Performance Shares ³	10.0m

1 – 12.5 million fully paid ordinary shares will be tradeable from 21 December 2018.

2 – 13.7 million unquoted options are subject to restriction until 21 December 2018.

3 - Convert in to 10 million fully paid ordinary shares on achievement of an indicated resource of 20 Million tonnes at greater than 0.8% V₂O₅ on or before 31 December 2019. All Performance Shares and any fully paid ordinary shares issued on conversion of the Performance Shares are subject to restriction until 21 December 2018.

4. Substantial Shareholders

As at 27 September 2017 the substantial shareholders were as follows:

Name of Shareholder	No of Shares	% of Issued Capital
TWENTIETH CENTURY MOTOR COMPANY	9,250,000	26.35%
STATION NOM PL STATION S/F A/C	3,125,000	8.90%

5. Voting Rights

At a general meeting of shareholders:

- (a) On a show of hands, each person who is a member or sole proxy has one vote.
- (b) On a poll, each shareholder is entitled to one vote for each fully paid share.

6. Tenement interests as at 27 September 2017

LOCATION	TENEMENT	INTEREST ACQUIRED OR DISPOSED OF DURING THE YEAR	ECONOMIC INTEREST
Gabarintha Project (WA)	E51/1510-I	Nil	100%
Gabarintha Project (WA)	P51/2785-I	Nil	100%
Gabarintha Project (WA)	P51/2942	Nil	100%
Gabarintha Project (WA)	P51/2943	Nil	100%
Gabarintha Project (WA)	P51/2944	Nil	100%
Gabarintha Project (WA)	ELA51/1818	100% - Application	100%