



**TECHNOLOGY**

METALS AUSTRALIA LIMITED

ABN 64 612 531 389

**Interim Financial Report**  
**31 December 2018**

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## **DIRECTORS' REPORT**

The directors of Technology Metals Australia Limited (**ASX: TMT**) (**Company** or **Technology Metals**) submit herewith the interim financial report of the Company and the entities it controlled during the period ("the Group") for the half year ended 31 December 2018. 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 half year and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

#### **Mr Michael Fry**

##### **Non-Executive Chairman**

Appointed 20 May 2016

Michael 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 Securities 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.

#### **Mr Ian Prentice**

##### **Managing 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 30 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.

#### **Mr Sonu Cheema**

##### **Non-Executive Director and Company Secretary**

Appointed 20 May 2016

Mr Cheema holds a Bachelor of Commerce majoring in Accounting at Curtin University and is a member of CPA Australia. Mr Cheema is a Partner 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), Reffind Limited (ASX: RFN), Avira Resources Limited (ASX: AVW), Silver City Minerals Limited (ASX: SCI), Lustrum Minerals Limited (ASX: LRM) and Yojee Limited (ASX: YOJ).

## DIRECTORS' REPORT (continued)

### Review of Operations

Technology Metals commenced and continues to progress its Definitive Feasibility Study (**DFS**) on its Gabanintha Vanadium Project (**Gabanintha** or **Project**). The following key operational, strategic and DFS activities were conducted during the half year ending 31 December 2018.

On 4 July 2018, the Company announced the acquisition of additional tenure adjacent to the Northern Block of tenements (**Northern Block**) at its 100% owned Gabanintha Project. The acquired tenement, P51/2930, covers an area of 109.2 Ha and adjoins the Northern Block to the west of the proposed Central Pit. This tenement acquisition provides the Company with a high degree of optionality with regard to the development of the Project; providing scope for additional areas for the location of waste/low grade ore stockpiles and other associated infrastructure. A range of development options incorporating the additional landholding will be fully investigated during the DFS.

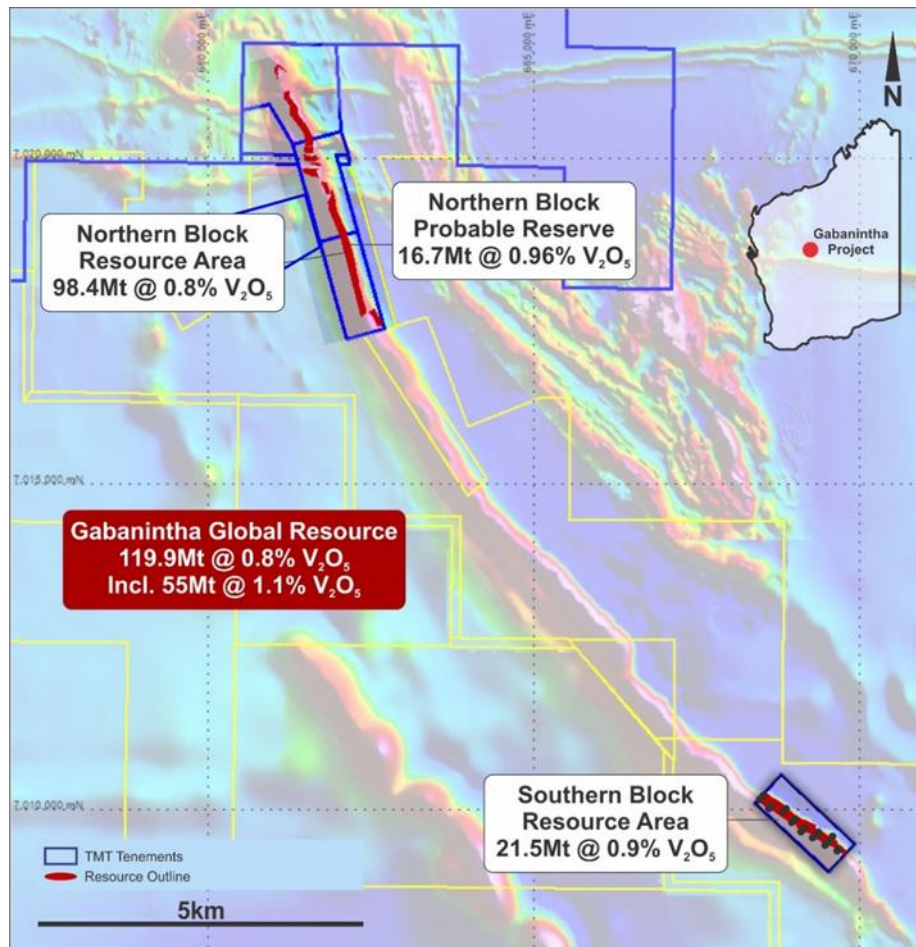


Figure 1: Gabanintha Vanadium Project Layout

Technology Metals commenced the DFS on 31 July 2018 and a resource infill and extensional drill program on 5 August 2018. The resource infill and extensional drilling program (**program**) was designed to provide the initial data in support of the Project enhancement opportunities identified in the PFS, such as upgrading the Indicated Resource, geotechnical assessment aimed at enabling steeper pit walls and the generation of additional diamond core sample for the ongoing metallurgical testwork program. The program was completed on 7 September 2018 and confirmed the very shallow oxidation profile in the North Pit and Southern Tenement areas, which is expected to provide early access to high yielding high grade mineralization and potential for steeper pit walls.

During the September quarter the Company completed the acquisition of the 1.5% net profit interest (**Royalty**) over E51/1510 and P51/2785, the tenements that cover the proposed North Pit and associated supporting infrastructure. The consideration for the acquisition consisted of fully paid TMT shares upon the satisfaction of a number of milestones. The acquisition of the Royalty is very positive for the future development, and enhances the economics, of the Project.

On 12 September 2018, the Company provided an update on metallurgical testwork activities at Gabanintha. The initial product generation testwork involved the precipitation of ammonium metavanadate and subsequent generation of high purity  $V_2O_5$  product from a ~60kg composite sample of high grade massive magnetite mineralisation. This work delivered a  $V_2O_5$  product with a purity of 99.53% from an ammonium metavanadate precipitate that recovered >98% of vanadium from a leach solution generated from salt roasting of the magnetic concentrate from Gabanintha. This work further confirms that the wholly owned Gabanintha deposit is amenable to producing very high purity  $V_2O_5$  using salt roast / water leach processing, with relatively low reagent consumption and without the requirement of additional costly contaminant removal steps. Both the solution and final product produced from the testwork is regarded as extremely clean and low in solution impurities. Subsequently on 12 December 2018, the Company announced the completion of refinement work on a sub-sample of the previously reported product generation testwork and preliminary base metal recovery testwork. The product refinement work delivered a  $V_2O_5$  product with a purity in excess of 99.7% from an ammonium metavanadate precipitate that recovered >98% of vanadium from a leach solution. This extremely high purity further confirms the suitability of Gabanintha vanadium product for the specialty chemical, battery and aeronautical industries. Preliminary base metal (Co, Ni, Cu) recovery testwork, focused on the non-magnetic (tailings) fraction from the magnetic separation process, delivered highly encouraging flotation concentrates with a combined base metal content of 10% - 15%, containing up to 2.31% Co, 4.47% Ni and 9.50% Cu.



Figure 2: Photograph of High Purity 99.53%  $V_2O_5$  Product from Gabanintha

The Company announced on 5 October 2018 and subsequent to the announcement on 28 September 2018, the issue of 12,000,000 fully paid ordinary shares (**Placement**) at a price of \$0.50 per share to raise \$6,000,000 before costs. The Placement Shares were issued under the Company's capacity pursuant to ASX Listing Rule 7.1 (6,747,750 Shares) and 7.1A (5,252,250 Shares).

On 8 November 2018, Technology Metals released the results of the Reverse Circulation (**RC**) drilling component of the resource infill and extensional / Project enhancement drilling program in support of the DFS. The program included 3,714m of RC drilling across the Northern Block of tenements and the Southern Tenement; consisting of sixteen (16) holes in the Central Pit area, four (4) diamond pre-collars in the North Pit area and eight (8) holes in the Southern Tenement. RC holes were specifically designed to infill and extend the Northern Block Mineral Resource estimate in the Central Pit area, aimed at increasing the Indicated Mineral Resource category / Probable Reserve estimate, and upgrade part of the Southern Tenement Inferred Mineral Resource estimate to the Indicated Resource category.



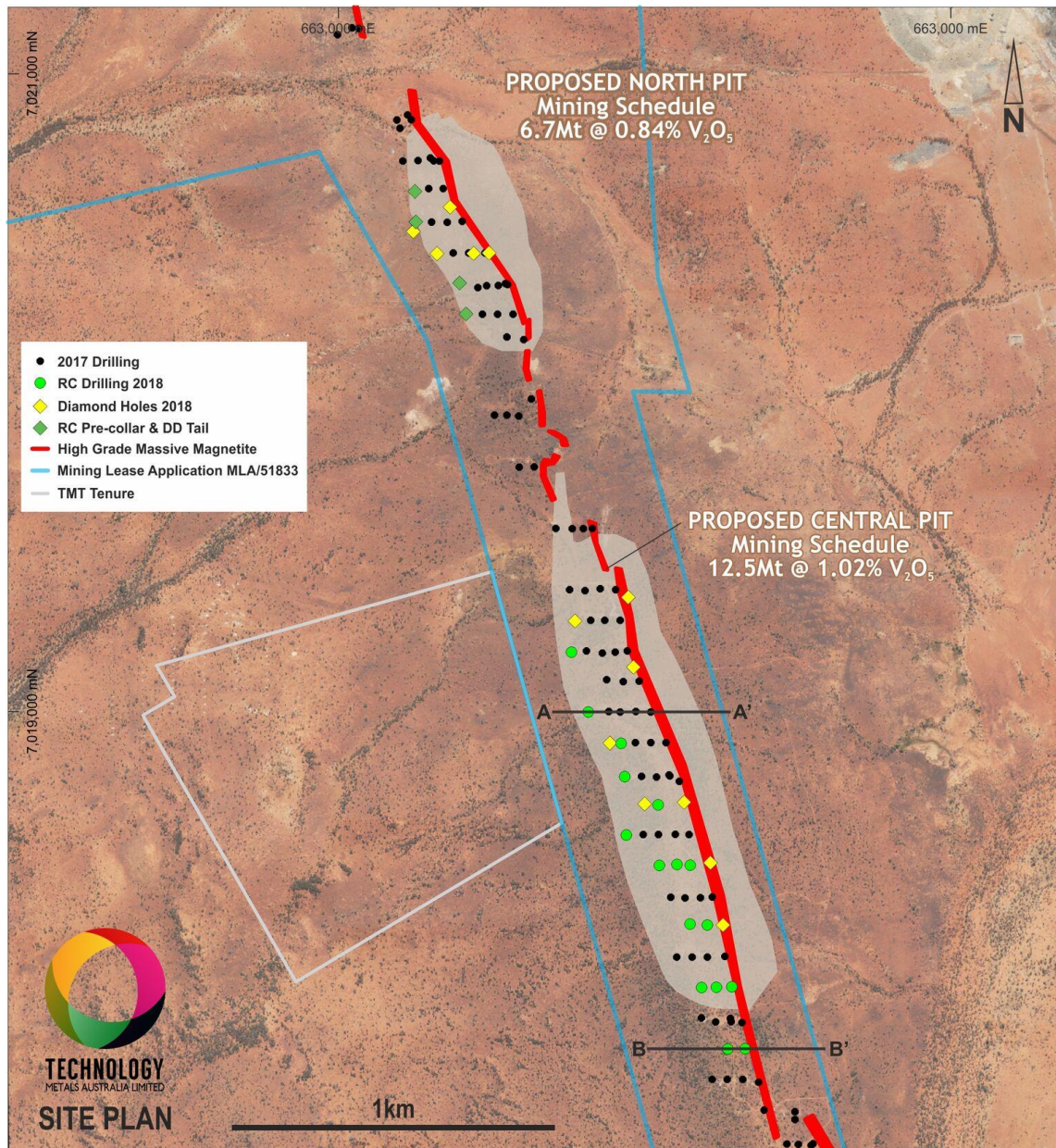


Figure 3: Drill Collar Location Plan, Northern Block of Tenements

Subsequently, on 20 December 2018, further assay results from the recently completed resource infill and extensional / Project enhancement drilling program were released. The program (including the RC drilling component) consisted of 45 holes for 6,730m across the Northern Block of tenements and the Southern Tenement; consisting of nine (9) diamond holes (including four (4) RC precollars) in the North Pit area, eight (8) diamond holes and sixteen (16) RC holes in the Central Pit area, and four (4) diamond holes and eight (8) RC holes in the Southern Tenement. Drilling was specifically designed to infill and extend the Northern Block Mineral Resource estimate in the North and Central Pit areas, aimed at increasing the Indicated Mineral Resource category / Probable Reserve estimate, and upgrade part of the Southern Tenement Inferred Mineral Resource estimate to the Indicated Resource category.

#### ASX Release references

- 1 – ASX Announcement dated 4 July 2018, Strategic Tenement Acquisition to Boost Gabanintha.
- 2 – ASX Announcement dated 8 August 2018, Commencement of DFS and Drilling at Gabanintha.
- 3 – ASX Announcement dated 7 September 2018, High Purity plus 99.5% V2O5 Product Confirmed at Gabanintha
- 4 – ASX Announcement dated 5 October 2018, Completion of Share Placement to raise \$6,000,000.
- 5 – ASX Announcement dated 8 November 2018, Project Enhancing RC Drilling Confirms High Grade Continuity.
- 6 – ASX Announcement dated 12 December 2018, Outstanding Gabanintha Metallurgical Results.
- 7 – ASX Announcement dated 20 December 2018, Further Drill Results Confirm Resource Depth Extension.

LOCATION	TENEMENT	INTEREST ACQUIRED OR DISPOSED OF	ECONOMIC INTEREST
Gabanimtha Project (WA)	E51/1510-I	Nil	100%
Gabanimtha Project (WA)	P51/2785-I	Nil	100%
Gabanimtha Project (WA)	P51/2942	Nil	100%
Gabanimtha Project (WA)	P51/2943	Nil	100%
Gabanimtha Project (WA)	P51/2944	Nil	100%
Gabanimtha Project (WA)	E51/1818	Nil	100%
Gabanimtha Project (WA)	P51/2930	100%	100%
Gabanimtha Project (WA)	MLA51/883	Nil - Application	100%
Gabanimtha Project (WA)	MLA51/884	Nil - Application	100%
Gabanimtha Project (WA)	G51/29	Nil - Application	100%
Gabanimtha Project (WA)	G51/30	Nil - Application	100%
Gabanimtha Project (WA)	L51/100	Nil - Application	100%
Gabanimtha Project (WA)	L51/101	Nil - Application	100%

#### 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 is based on information compiled by Mr Aaron Meakin. Mr Meakin is a Principal Consultant with CSA Global and a Member of the Australian Institute of Mining and Metallurgy. Mr Meakin has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this report 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' ("JORC Code"). Mr Meakin 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 that relates to Ore Reserves is based on information compiled by Mr Daniel Grosso and reviewed by Mr Karl van Olden, both employees of CSA Global Pty Ltd. Mr van Olden takes overall responsibility for the Report as Competent Person. Mr van Olden is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Person in terms of the JORC (2012 Edition). The Competent Person, Karl van Olden has reviewed the Ore Reserve statement and given permission for the publication of this information in the form and context within which it appears. The information in this report that relates to the Processing and Metallurgy for the Gabanimtha 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.

#### Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Group with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 7 and forms part of this Directors' report for the half year ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



**Michael Fry**  
Chairman

14 March 2019

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Technology Metals Australia Limited for the half-year ended 31 December 2018, 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 review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia  
14 March 2019

**N G Neill**  
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

		<b>CONSOLIDATED</b>	<b>CONSOLIDATED</b>
		<b>31 December</b>	<b>31 December</b>
		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Continuing operations</b>			
Other income	2(a)	14,327	11,610
Administration expense	2(b)	(1,064,362)	(341,057)
Director fees		(139,998)	(124,998)
Exploration expenses		(118,209)	-
Share-based payments	7	(439,518)	(398,735)
Depreciation		(3,844)	-
<b>Loss before income tax</b>		<b>(1,751,604)</b>	<b>(853,180)</b>
Income tax benefit		-	98,183
<b>Net loss for the period</b>		<b>(1,751,604)</b>	<b>(754,997)</b>
<b>Other comprehensive income, net of income tax</b>		-	-
<b>Other comprehensive income for the period, net of income tax</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,751,604)</b>	<b>(754,997)</b>
Basic and diluted loss per share (cents per share)		(2.78)	(2.45)

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

		<b>CONSOLIDATED</b>	<b>CONSOLIDATED</b>
		<b>31 December</b>	<b>30 June</b>
		<b>2018</b>	<b>2018</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,001,293	2,709,826
Trade and other receivables		431,128	158,766
<b>Total current assets</b>		<b>3,432,421</b>	<b>2,868,592</b>
<b>Non-current assets</b>			
Property, plant and equipment		28,529	32,373
Deferred exploration and evaluation expenditure	4	13,961,863	7,986,364
<b>Total non-current assets</b>		<b>13,990,392</b>	<b>8,018,737</b>
<b>Total assets</b>		<b>17,422,813</b>	<b>10,887,329</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		2,126,188	1,036,625
Accruals		12,000	185,827
<b>Total current liabilities</b>		<b>2,138,188</b>	<b>1,222,452</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>2,138,188</b>	<b>1,222,452</b>
<b>Net assets</b>		<b>15,284,625</b>	<b>9,664,877</b>
<b>Equity</b>			
Issued capital	5	17,258,594	10,326,761
Reserves	6	2,541,249	2,232,497
Accumulated Losses		(4,515,218)	(2,894,381)
<b>Total Equity</b>		<b>15,284,625</b>	<b>9,664,877</b>

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Issued capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
<b>Balance at 1 July 2017</b>	<b>3,471,460</b>	<b>3,643,555</b>	<b>(464,468)</b>	<b>6,650,547</b>
Loss for the period	-	-	(754,997)	(754,997)
Other comprehensive income for the period, net of income tax	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	(754,997)	(754,997)
Shares issued upon conversion of Class A performance shares	2,000,000	(2,000,000)	-	-
Share based payment – performance shares	-	873,483	-	873,483
Share based payment – options granted	-	390,000	-	390,000
<b>Balance at 31 December 2017</b>	<b>5,471,460</b>	<b>2,907,038</b>	<b>(1,219,465)</b>	<b>7,159,033</b>

	Issued capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
<b>Balance at 1 July 2018</b>	<b>10,326,761</b>	<b>2,232,497</b>	<b>(2,894,381)</b>	<b>9,664,877</b>
Loss for the period	-	-	(1,751,604)	(1,751,604)
Other comprehensive income for the period, net of income tax	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	(1,751,604)	(1,751,604)
Shares issued under Placement	6,000,000	-	-	6,000,000
Proceeds from Options Executed	373,333	-	-	373,333
Share based payment - Acquisition	918,500	-	-	918,500
Share based payments – Options	-	308,752	130,767	439,519
Share issue costs	(360,000)	-	-	(360,000)
<b>Balance at 31 December 2018</b>	<b>17,258,594</b>	<b>2,541,249</b>	<b>(4,515,218)</b>	<b>15,284,625</b>

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	<b>CONSOLIDATED 31 December 2018 \$</b>	<b>CONSOLIDATED 31 December 2017 \$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(710,694)	(456,442)
Interest received	14,327	11,610
<b>Net cash outflow from operating activities</b>	<b>(696,367)</b>	<b>(444,832)</b>
<b>Cash flows from investing activities</b>		
Deferred exploration expenditure	(5,025,499)	(1,424,920)
Property, Plant and Equipment	-	1,204
<b>Net cash outflow from investing activities</b>	<b>(5,025,499)</b>	<b>(1,423,716)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	6,373,333	-
Payments for share issue costs	(360,000)	-
<b>Net cash inflow from financing activities</b>	<b>6,013,333</b>	<b>-</b>
Net (decrease)/increase in cash held	291,467	(1,868,548)
Cash and cash equivalents at the beginning of the period	2,709,826	2,881,796
<b>Cash and cash equivalents at the end of the period</b>	<b>3,001,293</b>	<b>1,013,248</b>

The accompanying notes form part of these financial statements

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

This financial report is to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by Technology Metals Australia Limited during the interim reporting period in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX listing rules.

#### **Accounting policies and methods of compilation**

The accounting policies and methods of compilation adopted are consistent with those of the previous financial year, and corresponding interim reporting period, except for the impact of the new and revised Standards and Interpretations effective 1 July 2018 as disclosed below. These accounting policies are consistent with the Australian Accounting Standards and with International Financial Reporting Standards.

#### **Basis of preparation**

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

#### **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.

#### **Significant accounting judgements and key estimates**

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the keys sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2018.

#### **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.

#### **Adoption of new and revised standards**

In the half year ended 31 December 2018, 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 half year reporting periods beginning on or after 1 July 2018.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Adoption of new and revised standards (continued)

As a result of this review, the Group has applied AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments from 1 July 2018. Due to the transition methods chosen by the Group in applying AASB 9 and AASB 15, comparative information throughout the interim financial statements has not been restated to reflect the requirements of the new standards.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2018. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to the Group's accounting policies.

### NOTE 2: REVENUE AND EXPENSES

	<b>CONSOLIDATED 31 December 2018 \$</b>	<b>CONSOLIDATED 31 December 2017 \$</b>
<b>(a) Other income</b>		
Finance revenue - bank interest	14,327	11,610
<b>(b) Other expenses</b>		
Consulting fees	153,871	61,750
Legal fees	33,284	1,941
Travel expenses	221,285	72,542
Audit fees	12,000	12,000
Professional fees	60,000	60,000
Other administrative expenses	583,922	132,824

### NOTE 3: 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### NOTE 4: DEFERRED EXPLORATION AND EVALUATION

	Consolidated 6 months to 31 December 2018 \$	Consolidated 6 months to 31 December 2017 \$
Balance at beginning of the period	7,986,364	3,932,272
Expenditure during the period	5,025,499	1,424,920
Acquisition of royalty	825,000	-
Acquisition of Tenement	125,000	-
Performance shares issued during the period	-	864,749
	<u>13,961,863</u>	<u>6,221,941</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 5: EQUITY

#### ISSUED CAPITAL

	Consolidated 31 December 2018 \$	Consolidated 30 June 2018 \$
Ordinary shares issued and fully paid	<u>17,258,594</u>	<u>10,326,761</u>

	Consolidated As at 31 December 2018 Number	Consolidated As at 31 December 2018 \$	Consolidated As at 30 June 2018 Number	Consolidated As at 30 June 2018 \$
(i) Movement in ordinary shares				
Balance at beginning of the period	55,300,001	10,326,761	25,100,001	3,471,460
Conversion of Class A Performance Shares	-	-	10,000,000	2,000,000
Conversion of Class B Performance Shares	-	-	10,000,000	2,000,000
Options Executed	1,043,333	373,333	200,000	50,001
Shares issued on acquisition – tenement <sup>1</sup>	200,000	93,500	-	-
Shares issued on acquisition – royalty <sup>2</sup>	1,500,000	825,000	-	-
Share Issued as part of placement	12,000,000	6,000,000	10,000,000	3,000,000
less: Share issue costs - Cash	-	(360,000)	-	(194,700)
<b>Balance at end of period</b>	<b>70,043,334</b>	<b>17,258,594</b>	<b>55,300,001</b>	<b>10,326,761</b>

<sup>1</sup> The Company issued 200,000 fully paid ordinary shares on 3 July 2018 as part of the acquisition of tenement P51/2930. The closing price for the Company's fully paid ordinary shares on that day was \$0.42.

<sup>2</sup> The Company issued 1,500,000 fully paid ordinary shares on 10 September 2018 to acquire a 1.5% net profits interest over E51/1510 and P51/2785. The closing price for the Company's fully paid ordinary shares on that day was \$0.55.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### NOTE 5: EQUITY (continued)

#### OPTIONS

	Consolidated 6 months to 31 December 2018 Number	Consolidated 6 months to 31 December 2018 \$	Consolidated As at 30 June 2018 Number	Consolidated As at 30 June 2018 \$
(j) Movement in options				
Options exercisable on or before 31 December 2019:				
Balance at 1 July 2018	14,800,000	807,557	15,000,000	819,521
Options exercised during period	(185,000)	(11,067)	(200,000)	(11,964)
Balance at end of period	14,615,000	796,490	14,800,000	807,557
Quoted Options exercisable on or before 24 May 2020				
Balance at 1 July 2018	6,666,666	733,999	-	-
Exercised during period	(533,333)	(58,720)	-	-
Issued as free attaching option as part of March placement	-	-	3,333,333	-
Issued to corporate advisors	-	-	3,333,333	733,999
Balance at end of period	6,133,333	675,279	6,666,666	733,999
Unquoted Options exercisable on or before 24 May 2020				
Balance at 1 July 2018	3,333,334	288,976	-	-
Exercised during period	(75,000)	(16,515)	-	-
Forfeited during period	(25,000)	(5,505)	-	-
Issued under Employee Share Option Plan	-	445,024	3,333,334	288,976
Balance at end of period	3,233,334	711,980	3,333,334	288,976
Unquoted Options exercisable on or before 12 January 2021:				
Balance at 1 July 2018	3,000,000	390,000	-	-
Exercised during period	(250,000)	(32,500)	-	-
Issued to corporate advisors during the year	-	-	3,000,000	390,000
Balance at end of period	2,750,000	357,500	3,000,000	390,000
<b>Balance at end of period</b>	<b>26,731,667</b>	<b>2,541,249</b>	<b>27,800,000</b>	<b>2,220,532</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### NOTE 5: EQUITY (continued)

#### PERFORMANCE SHARES

	Consolidated 6 months to 31 December 2018 Number	Consolidated 6 months to 31 December 2018 \$	Consolidated Incorporation to 30 June 2018 Number	Consolidated Incorporation to 30 June 2018 \$
Balance at the beginning of the period	-	-	10,000,000	2,824,034
Vesting of Class B Performance Shares	-	-	10,000,000	1,175,966
	-	-	20,000,000	4,000,000
Conversion of Class A Performance shares	-	-	(10,000,000)	(2,000,000)
Conversion of Class B Performance shares	-	-	(10,000,000)	(2,000,000)
<b>Balance at end of period</b>	-	-	-	-

### NOTE 6: 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 7 for further details of these plans.

	Consolidated 6 months to 31 December 2018 \$	Consolidated As at 30 June 2018 \$
Balance at the beginning of the period	2,232,497	3,643,555
Forfeiture of Options	(5,505)	-
Exercise of Options	(130,767)	-
Shares issued on conversion of performance rights	-	(4,000,000)
Issue of performance shares	-	1,175,966
Vesting of options	445,024	1,412,976
	2,541,249	2,232,497

### NOTE 7: SHARE-BASED PAYMENTS

The following share-based payments arrangements were entered into during the period:

#### a) Fully paid ordinary shares

	Number	\$
Tenement acquisition <sup>1</sup>	200,000	93,500
Royalty acquisition <sup>2</sup>	1,500,000	825,000
	1,700,000	918,500

<sup>1</sup> The Company issued 200,000 fully paid ordinary shares on 3 July 2018 as part of the acquisition of tenement P51/2930. The closing price for the Company's fully paid ordinary shares on that day was \$0.42.

<sup>2</sup> The Company issued 1,500,000 fully paid ordinary shares on 10 September 2018 to acquire a 1.5% net profits interest over E51/1510 and P51/2785. The closing price for the Company's fully paid ordinary shares on that day was \$0.55.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

### NOTE 7: SHARE-BASED PAYMENTS (continued)

#### b) Share options

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

	31 December 2018	
	Number	Weighted average exercise price \$
Outstanding at the beginning of the period	27,800,000	\$0.250
Issued during the period	-	\$0.388
Forfeited during the period	(25,000)	\$0.400
Exercised during the period	(1,043,333)	\$0.361
Expired during the period	-	-
Outstanding at the end of period	26,731,667	\$0.313
Exercisable at the end of period	26,731,667	\$0.313

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 8: FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The group has a number of financial assets or financial liabilities which are not measured at fair value in the statement of financial position.

The carrying amounts of trade and other receivables and trade and other payables are considered to be a reasonable approximation of their fair value.

### NOTE 9: COMMITMENTS AND CONTINGENCIES

There has been no change in commitments and contingencies since the last annual reporting date.

### NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

On 30 January 2019, The Company announced results of the diamond drilling component from the Northern Block of tenements resource infill and extension drilling program in support of the Definitive Feasibility Study at its Gabanintha Vanadium Project.

The Company announced on the 11 February 2019 that it had appointed Mr David English to the Company as Project Director. David's role is to oversee the progression of the Gabanintha Vanadium Project Definitive Feasibility Study, which is being managed by Wave International supported by a range of industry leading consultants.

As announced to the market on 26 February 2019, the Company successfully completed a capital raising of \$4,552,817 before capital raising costs. The Company issued 17,510,833 fully paid ordinary shares at \$0.26 per share with free attaching option on a 1 for 2 basis.



## **DIRECTORS' DECLARATION**

In the opinion of the Directors of Technology Metals Australia Limited ('the company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half year then ended; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



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**Michael Fry**  
**Chairman**

**14 March 2019**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Technology Metals Australia Limited

**Report on the Condensed Half-Year Financial Report***Conclusion*

We have reviewed the accompanying interim financial report of Technology Metals Australia Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Technology Metals Australia Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Directors' responsibility for the interim financial report*

The directors of the Technology Metals Australia Limited are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Technology Metals Australia Limited financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the consolidated entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

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



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**14 March 2019**



**N G Neill**  
**Partner**