

TECHNOLOGY
METALS AUSTRALIA LIMITED
ABN 64 612 531 389

Interim Financial Report
31 December 2017

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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 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 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 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.

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.

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), Intiger Group Limited (ASX: IAM), Avira Resources Limited (ASX: AVW) and Yojee Limited (ASX: YOJ).

DIRECTORS' REPORT (continued)

Review of Operations

During the half year ending 31 December 2017, a maiden Inferred Mineral Resource estimate was announced for the Southern Tenement ("Southern Tenement") area at the Gabanintha Vanadium Project ("Project") based on data from the Company's 23-hole RC drilling program reported in mid-September 2017¹. The Inferred Mineral Resource ("Southern Tenement Resource") estimate of 21.5 Mt at 0.9% V₂O₅ and 10.1% TiO₂ includes an outstanding high-grade component of 10.4 Mt at 1.1% V₂O₅ and 12.6% TiO₂ (as announced in December 2017²).

Results were received for the diamond drilling completed on the Northern Block ("Northern Block") of tenements at the Project. This drilling further confirmed the excellent down dip and along strike continuity of vanadium mineralisation within the Northern Block. Data from the diamond drilling, plus the previously reported reverse circulation ("RC") drilling, is being used to update the previously announced maiden Inferred Mineral Resource³ ("Northern Block Resource") of 62.8Mt at 0.8% V₂O₅ and 9.7% TiO₂, with the update expected to include a portion in the Indicated Mineral Resource category.

Representative samples from the diamond drilling on the Northern Block were selected for detailed metallurgical testwork ("Testwork") designed to follow up the highly encouraging results of the preliminary (sighter) round of Testwork completed on composite RC drill samples from the March 2017 drilling program at the Project (as announced in early September 2017⁴). The comminution testwork and in-situ bulk density measurement components of the Testwork were completed during the half year (as announced in November 2017⁵) with in-situ bulk density data for both the high grade basal massive magnetite material and the medium grade disseminated material exceeding those used for the Northern Block Resource.

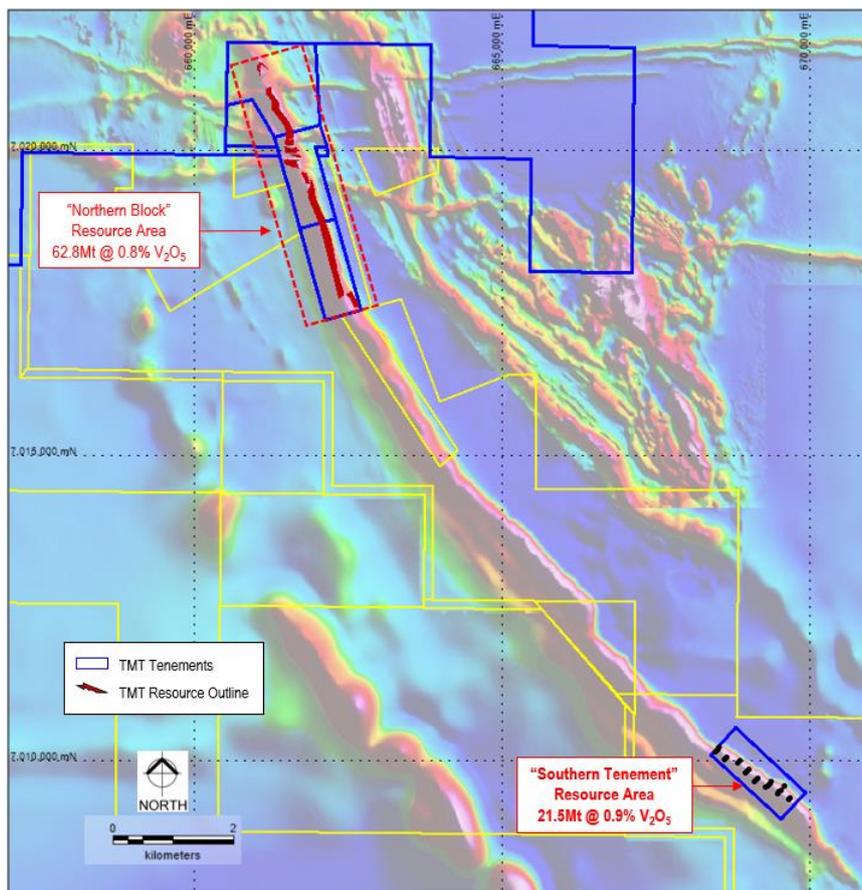


Figure 1: Gabanintha Vanadium Project Layout

- 1 – ASX Announcement dated 14 September 2017, Outstanding Results at Gabanintha Southern Tenement.
- 2 – ASX Announcement dated 18 December 2017, Maiden Southern Tenement Inferred Resource of 21.5 Mt at 0.9% V₂O₅.
- 3 – ASX Announcement dated 13 June 2017, Maiden Inferred Resource Defined at Gabanintha Including High Grade Component of 29.5Mt at 1.1% V₂O₅.
- 4 – ASX Announcement dated 8 September 2017, Excellent Preliminary Metallurgical Testwork at Gabanintha.
- 5 – ASX Announcement dated 20 November 2017, Gabanintha Vanadium Project Update.

DIRECTORS' REPORT (continued)**Tenement Status**

The Company's tenement holdings are as follows.

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%

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.

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 5 and forms part of this Directors' report for the half year ended 31 December 2017.

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

16 March 2018

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 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 review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
16 March 2018

N G Neill
Partner

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

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

		CONSOLIDATED	CONSOLIDATED
		31 December	31 December
		2017	2016
	Notes	\$	\$
Continuing operations			
Other income	2(a)	11,610	2,647
Administration expense	2(b)	(341,057)	(191,139)
Director Fees		(124,998)	-
Exploration expenses		-	(3,693)
Share-based payments	7	(398,735)	-
Loss before income tax		(853,180)	(192,185)
Income tax benefit		98,183	-
Net loss for the period		(754,997)	(192,185)
Other comprehensive income, net of income tax		-	-
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		(754,997)	(192,185)
Basic and diluted loss per share (cents per share)		(2.45)	(6.16)

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

		CONSOLIDATED	CONSOLIDATED
		31 December	30 June
		2017	2017
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,013,248	2,881,796
Trade and other receivables		45,433	7,135
Other current assets		6,987	29,094
Total current assets		1,065,668	2,918,025
Non-current assets			
Property, plant and equipment		3,206	5,321
Deferred exploration and evaluation expenditure	4	6,221,941	3,932,272
Total non-current assets		6,225,147	3,937,593
Total assets		7,290,815	6,855,618
Liabilities			
Current liabilities			
Trade and other payables		131,782	106,888
Total current liabilities		131,782	106,888
Non-current liabilities			
Deferred tax liabilities		-	98,183
Total non-current liabilities		-	98,183
Total liabilities		131,782	205,071
Net assets		7,159,033	6,650,547
Equity			
Issued capital	5	5,471,460	3,471,460
Reserves	6	2,907,038	3,643,555
Accumulated losses		(1,219,465)	(464,468)
Total equity		7,159,033	6,650,547

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Issued capital	Reserves	Retained earnings	Total equity
	\$	\$	\$	\$
Balance at 1 July 2016	1	-	-	1
Loss for the period	-	-	(192,185)	(192,185)
Other comprehensive income for the period, net of income tax	-	-	-	-
Total comprehensive loss for the period	-	-	(192,185)	(192,185)
Shares Issued vendor shares	500,000	-	-	500,000
Shares issued placement offer	260,000	-	-	260,000
Shares Issued prospectus offer	4,000,000	-	-	4,000,000
Options issued to Lead Manager	(819,521)	819,521	-	-
Share issue costs	(469,019)	-	-	(469,019)
Balance at 31 December 2016	3,471,462	819,521	(192,185)	4,098,796

	Issued capital	Reserves	Retained earnings	Total equity
	\$	\$	\$	\$
Balance at 1 July 2017	3,471,460	3,643,555	(464,468)	6,650,547
Loss for the period	-	-	(754,997)	(754,997)
Other comprehensive income for the period, net of income tax	-	-	-	-
Total comprehensive loss for the period	-	-	(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
Balance at 31 December 2017	5,471,460	2,907,038	(1,219,465)	7,159,033

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	CONSOLIDATED 31 December 2017	CONSOLIDATED 31 December 2016
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(456,442)	(181,414)
Interest received	11,610	2,647
Net cash outflow from operating activities	(444,832)	(179,267)
Cash flows from investing activities		
Net cash outflow from acquisition of KOP	-	(11,701)
Deferred exploration expenditure	(1,424,920)	-
Property, Plant and Equipment	1,205	-
Net cash outflow from investing activities	(1,423,716)	(11,701)
Cash flows from financing activities		
Proceeds from the issue of shares	-	4,260,000
Payments for share issue costs	-	(469,018)
Net cash inflow from financing activities	-	3,790,982
Net (decrease)/increase in cash held	(1,868,548)	3,600,014
Cash and cash equivalents at the beginning of the period	2,881,796	1
Cash and cash equivalents at the end of the period	1,013,248	3,600,015

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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 2017 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. 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 2017.

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

Standards and Interpretations applicable to 31 December 2017

In the half year ended 31 December 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 half year reporting periods beginning on or after 1 July 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of new and revised standards (continued)

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

Standards and Interpretations issued but not yet effective to 31 December 2017.

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 half year reporting periods beginning on or after 1 January 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.

NOTE 2: REVENUE AND EXPENSES

	CONSOLIDATED 31 December 2017 \$	CONSOLIDATED 31 December 2016 \$
(a) Other income		
Finance revenue - bank interest	11,610	2,647
(b) Other expenses		
Consulting fees	61,750	113,500
Legal fees	1,941	7,927
Travel expenses	72,542	28,752
Audit fees	12,000	-
Professional fees	60,000	16,118
Other administrative expenses	132,824	24,842

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 FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 December 2017

NOTE 4: DEFERRED EXPLORATION AND EVALUATION

	Consolidated 6 months to 31 December 2017	Consolidated Incorporation to 30 June 2017
	\$	\$
Balance at beginning of the period	3,932,272	-
Expenditure during the period	1,424,920	422,192
Acquisition of KOP	-	511,553
Deferred tax liability	-	214,286
Performance shares issued during the period	864,749	2,784,241
	6,221,941	3,932,272

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 2017	Consolidated 30 June 2017
	\$	\$
Ordinary shares issued and fully paid	5,471,460	3,471,460

	Consolidated 6 months to 31 December 2017	Consolidated 6 months to 31 December 2017	Consolidated Incorporation to 30 June 2017	Consolidated Incorporation to 30 June 2017
	Number	\$	Number	\$
(i) Movement in ordinary shares				
Balance at beginning of the period	25,100,001	3,471,460	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
Conversion of Performance Shares	10,000,000	2,000,000	-	-
less: Share issue costs - Cash	-	-	-	(469,020)
less: Share issue costs – Options issued to Lead Manager	-	-	-	(819,521)
Balance at end of period	35,100,001	5,471,460	25,100,001	3,471,460

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 December 2017

NOTE 5: EQUITY (continued)

OPTIONS

	Consolidated 6 months to 31 December 2017 Number	Consolidated 6 months to 31 December 2017 \$	Consolidated Incorporation to 30 June 2017 Number	Consolidated Incorporation to 30 June 2017 \$
(j) Movement in options				
Balance at the beginning of the period	15,000,000	819,521	-	-
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	15,000,000	819,521

In addition, 3,000,000 options exercisable at 35 cents per share (\$0.35) on or before 12 January 2021 were approved at the Company's Annual General Meeting on 27 November 2017 and have therefore been recognised during the current half year as share-based payments, refer Note 6. These options were issued subsequent to the end of the half year on 15 January 2018.

PERFORMANCE SHARES

	Consolidated 6 months to 31 December 2017 Number	Consolidated 6 months to 31 December 2017 \$	Consolidated Incorporation to 30 June 2017 Number	Consolidated Incorporation to 30 June 2017 \$
CLASS A				
Balance at the beginning of the period	10,000,000	2,000,000	-	-
Granted during the period	-	-	10,000,000	2,000,000
Converted into ordinary shares	(10,000,000)	(2,000,000)	-	-
Balance at end of period	-	-	10,000,000	2,000,000
CLASS B				
Balance at the beginning of the period	10,000,000	824,034	-	-
Granted during the period	-	-	10,000,000	824,034
Expense for the half year	-	873,483	-	-
Balance at end of period	10,000,000	1,697,517	10,000,000	824,034

Class A Performance shares were recognised over the period from grant date, being 20 December 2016, until their vesting date, 4 July 2017. All Class A Performance shares were converted into ordinary shares on this date.

Class B Performance shares have been recognised over the period from grant date, being 20 December 2016, until their expected vesting date. An amount of \$302,483 will be recognised in future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 December 2017

NOTE 5: EQUITY (continued)

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

- (i) Each Class A Performance Share converted into one 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 upon successful satisfaction of these conditions.
- (ii) Each 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 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 2017	Consolidated Incorporation to 30 June 2017
	\$	\$
Balance at the beginning of the period	3,643,555	-
Options granted to consultants and directors	390,000	819,521
Class A performance shares granted	-	2,000,000
Class A performance shares converted into ordinary shares	(2,000,000)	-
Class B performance shares granted	-	824,034
Class B performance – vesting for the period	873,483	-
	2,907,038	3,643,555

NOTE 7: 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	-
Unquoted Advisor Options ¹	3,000,000	15/01/2018	15/01/2021	\$0.35	\$0.186	-

¹ Unquoted Advisor Options were approved at the Company's annual general meeting on 27 November 2017 and were issued subsequent to the end of the half year on 15 January 2018. These options vest immediately. As they were approved during the half year the value of this share-based payment has been recognised in full at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 December 2017

NOTE 7: SHARE-BASED PAYMENTS (continued)

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

- Risk-free interest rate – 2.14%
- Expected volatility – 85%

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

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 2017	
	Number	Weighted average exercise price \$
Outstanding at the beginning of the period	-	-
Issued 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	<u>15,000,000</u>	<u>\$0.25</u>
Exercisable at the end of period	<u>15,000,000</u>	<u>\$0.25</u>

The above table excludes the 3,000,000 Unquoted Advisor Options granted during the period as they were not formally issued until 15 January 2018.

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 December 2017

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

On the 22 February 2018, the Company announced results of the first phases of the detailed metallurgical test work program ("**Test work**") currently underway based on representative composite samples from diamond drilling at its Gabanintha Vanadium Project ("**Project**"). The Test work was planned and is being managed by Mineral Engineering Technical Services Pty Ltd ("**METS**"), the Company's metallurgical consultant.

The detailed Test work has been designed to follow up the highly encouraging results of the preliminary ("**sighter**") round of Test work completed on composite RC drill samples from the March 2017 drilling program.

Six representative diamond drilling composite samples were selected by the Company's geological team in consultation with, reviewed and approved by, METS across the Northern Block Mineral Resource 1 ("**Resource**") based on geological characteristics, with the aim of testing a mix of oxide, transitional and fresh material from the high grade basal massive magnetite and the medium grade disseminated hanging wall zones.

On the 7 March 2018, the Company announced results for the update of the Northern Block Mineral Resource ("**Northern Block Resource**") estimate and the resulting Global Mineral Resource ("**Global Resource**") estimate, reported in accordance with the JORC Code 2012, for the Gabanintha Vanadium Project ("**Project**"). Resource estimation was completed by independent geological consultants CSA Global and was based on data from the Company's 2017 reverse circulation ("**RC**") and diamond drilling programs.

On the 13 March 2018, the Company announced a placement of 10,000,000 fully paid ordinary shares ("**Placement**") at a price of \$0.30 per share, with a one for three free attaching Option ("**Placement Options**"), to raise \$3,000,000 before costs. The Placement was oversubscribed and the Company is pleased to welcome strategic high net worth investors and domestic institutions on to the register. Monies raised will be used to advance the company project and for working capital purposes.

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 2017 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.



Michael Fry
Chairman

16 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Technology Metals Australia Limited

Report on the Condensed Interim 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 2017, 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 group 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 group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the interim financial report

The directors of the company 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 group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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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
16 March 2018



N G Neill
Partner