



**TECHNOLOGY**  
METALS AUSTRALIA LIMITED  
ABN 64 612 531 389

**Interim Financial Report**  
31 December 2016

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## **DIRECTORS' REPORT**

The directors of Technology Metals Australia Limited (**ASX: TMT**) (**Company** or **Technology Metals**) submit herewith the half year report of the Company and the entities it controlled during the period ("the Group") for the half year ended 31 December 2016. 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 interim period 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 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 focussing 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**

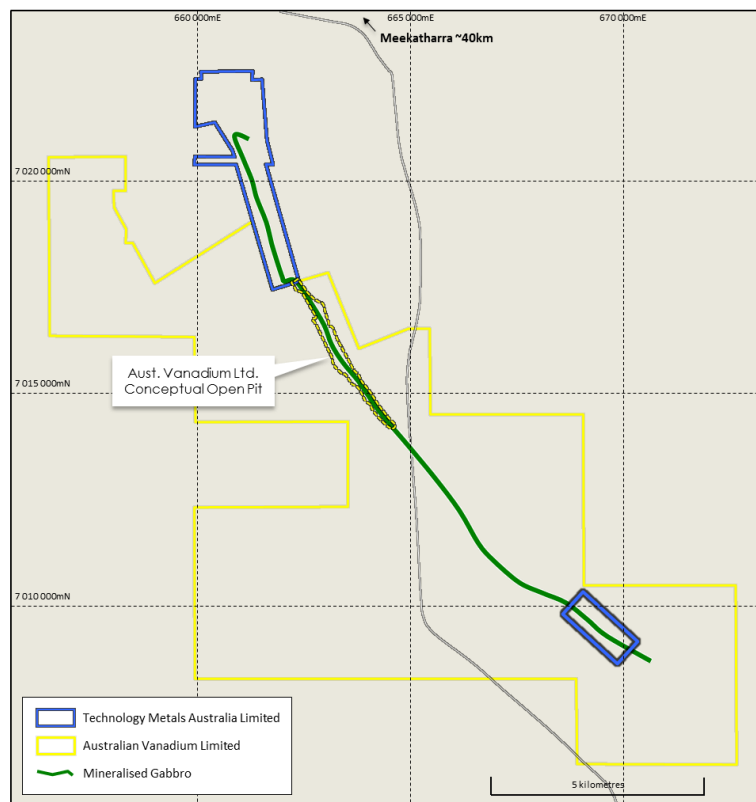
Appointed 20 May 2016

Mr Cheema holds 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 (ASX: IAM), 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.

**Review of Operations**

During the half year ending 31 December 2016, Technology Metals Australia Limited (ASX: TMT) (“Technology Metals” or the “Group”) announced the completion of the acquisition of The Kop Ventures Pty Ltd, and its wholly owned Gabanintha Vanadium Project, and the successful listing of the Group’s fully paid ordinary shares 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. The Project is on strike from, and covers the same geological sequence as, Australian Vanadium Limited’s (ASX: AVL) Gabanintha Vanadium project (see Figure 1). Vanadium mineralisation is hosted by a north west – south east trending layered gabbro intrusive with a distinct magnetic signature, which enables detailed mapping of the unit by the use of the airborne magnetics.



**Figure 1:** Gabanintha Vanadium Project Location

The Group’s tenements contain over 4.5km strike length of the mineralised gabbro, which generally outcrops as low ironstone ridges. Historical drilling completed on Technology Metals tenements, consisting of eight RC holes drilled by Intermin Resources in 1998, intersected broad zones of high grade (+1.0% V2O5) mineralised gabbro (see Table 1). There has been no subsequent drilling on Technology Metals Gabanintha Vanadium Project.

Hole	Northing	Easting	RL	Dip	Azimuth	Intersection (% V2O5)	From (m)	To (m)	Depth (m)
GRC9801	7018678	661903	N/A	-60°	075°	15m at 1.08	30	45	48
GRC9802	7018648	661856	N/A	-60°	075°	15m at 1.09	74	89	90
GRC9803	7018879	661830	N/A	-60°	075°	11m at 1.17	23	34	36
GRC9804	7019051	661772	N/A	-60°	075°	15m at 1.26	31	46	48
GRC9805	7019034	661724	N/A	-60°	075°	12m at 1.18	80	92	94
GRC9815	7009945	668547	N/A	-60°	045°	10m at 1.09	22	32	36
GRC9816	7009907	668514	N/A	-60°	045°	9m at 1.20	60	69	71
GRC9817	7009563	669050	N/A	-60°	045°	25m at 1.08	35	60	63

**Table 1:** Historical Drilling, Gabanintha Vanadium Project

The Group executed an agreement on the 21 December 2016 to engage Magspec Airborne Surveys Pty Ltd to conduct a highly detailed low level airborne geophysical survey over the Gabanintha Vanadium Project. The high quality magnetic and radiometric data survey was conducted on 25m line spacing and 25m flight height. The airborne magnetics were acquired along line at a sample spacing of 3.5m. The survey was undertaken in early January 2017, with processing and detailed interpretation completed by Terra Resources Pty Ltd in late January.

The ultra-detailed resolution of the magnetics allowed the highly magnetic vanadium mineralised gabbro sequence within the Group's tenements to be mapped in 3D (~12.5m x 12.5m x 5m) and identify cross cutting structures and dolerite dykes. The magnetics assisted in projecting and targeting known mineralisation down dip to at least 200m.

Results of the detailed airborne magnetics survey enabled the Group to optimise its proposed maiden reverse circulation drilling program designed to define the extent and tenor of near surface vanadium mineralisation within the gabbro sequence in its tenements. The maiden reverse circulation drilling program, consisting of 3,128m across 36 holes, was completed in early March 2017. The drilling intersected the massive magnetite zone, host of the higher grade vanadium mineralisation at the Gabanintha Vanadium Project, in each of the eleven traverses completed, with apparent thickening of the massive magnetite zone in the northern part of the area.

#### **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 half-year 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 2016.

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.



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**Michael Fry**  
**Chairman**

**15 March 2017**

## AUDITOR'S INDEPENDENCE DECLARATION



Accountants | Business and Financial Advisers

## 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 2016, 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.

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

Perth, Western Australia  
15 March 2017

**N G Neill**  
Partner

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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  International, a worldwide organisation of accounting firms and business advisers.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	<b>Notes</b>	<b>CONSOLIDATED</b> <b>31 December</b> <b>2016</b> <b>\$</b>
<b>Continuing operations</b>		
Other income	2(a)	2,647
Administration expense	2(b)	(191,139)
Exploration expenses		(3,693)
<b>Loss before income tax</b>		<b>(192,185)</b>
Income tax expense		-
<b>Net loss for the period</b>		<b>(192,185)</b>
<b>Other comprehensive income, net of income tax</b>		<b>-</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(192,185)</b>
Basic and diluted earnings per share (cents per share)		(6.16)

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	Notes	<b>CONSOLIDATED 31 December 2016 \$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents		3,600,015
Trade and other receivables		42,786
Other current assets		2,706
<b>Total current assets</b>		<b>3,645,507</b>
<b>Non-current assets</b>		
Deferred exploration and evaluation expenditure	3	742,274
<b>Total non-current assets</b>		<b>742,274</b>
<b>Total assets</b>		<b>4,387,781</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables		62,697
Accruals		12,000
<b>Total current liabilities</b>		<b>74,697</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	4	214,286
<b>Total non-current liabilities</b>		<b>214,286</b>
<b>Total liabilities</b>		<b>288,983</b>
<b>Net assets</b>		<b>4,098,798</b>
<b>Equity</b>		
Issued capital	5	3,471,462
Reserves	6	819,521
Accumulated losses		(192,185)
<b>Total equity</b>		<b>4,098,798</b>

The accompanying notes form part of these financial statements



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Issued capital	Option Reserve	Retained earnings	Total equity
Notes	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	<b>1</b>	-	-	<b>1</b>
Loss for the period	-	-	(192,185)	(192,185)
Other comprehensive income for the period, net of income tax	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	(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	(469,017)	-	-	(469,017)
<b>Balance at 31 December 2016</b>	<b>3,471,462</b>	<b>819,521</b>	<b>(192,185)</b>	<b>4,098,798</b>

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Notes	<b>CONSOLIDATED 31 December 2016</b>
		<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees		(181,414)
Interest received		2,647
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(179,267)</b>
<b>Cash flows from investing activities</b>		
Net cash outflow from acquisition of KOP	8	(11,701)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(11,701)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares		4,260,000
Payments for share issue costs		(469,018)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>3,790,982</b>
Net increase/(decrease) in cash held		3,600,014
Cash and cash equivalents at the beginning of the period		1
<b>Cash and cash equivalents at the end of the period</b>		<b>3,600,015</b>

The accompanying notes form part of these financial statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

These half-year 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 half-year 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.

It is recommended that this half-year financial report be read in conjunction with the Company's prospectus lodged with ASIC on 13 October 2016 and subsequent supplementary prospectuses lodged on 27 October 2016 & 28 November 2016 and any public announcements made by Technology Metals Australia Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

#### (a) Basis of preparation

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

##### *Comparatives*

The Company was incorporated on 20 May 2016 and remained dormant up to 30 June 2016. As there were no transactions for this period and no recorded balances at 30 June 2016, no comparative financial information has been presented.

##### *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(j).

##### *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 2016

In the half-year ended 31 December 2016, 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 2016.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation (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 2016.

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.

#### (b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (c) 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.

#### (d) Impairment of assets

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 s 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-

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (d) Impairment of assets (continued)

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).

#### (e) Trade payables

These amounts represent liabilities for goods or services provided to the Group prior to the end of the financial year 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.

#### (f) 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.

#### (f) Issued capital

Ordinary share capital is recognised as the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

#### (g) Share-based payment transactions

The cost of equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. Where the identifiable consideration received (if any) is less than the fair value of the equity instruments granted or liability incurred, the unidentifiable goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received (or to be received) measured at the grant date.

#### (h) 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (i) 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.

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.

#### (j) Critical accounting judgements and key sources of estimation uncertainty

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 on-going 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.

##### Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates.

#### (k) 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,

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (k) Exploration and evaluation (continued)

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.

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.

### NOTE 2: REVENUE AND EXPENSES

	<b>CONSOLIDATED</b> <b>31 December</b> <b>2016</b> <b>\$</b>
<b>(a) Other income</b>	
Finance revenue - bank interest	2,647
	<hr/> 2,647 <hr/>
<b>(b) Other expenses</b>	
Consulting fees	113,500
Legal fees	7,927
Travel expenses	28,752
Professional fees	16,118
Administrative expenses	12,841

### NOTE 3: DEFERRED EXPLORATION

	<b>CONSOLIDATED</b> <b>31 December</b> <b>2016</b> <b>\$</b>
Balance at beginning of the period	-
Expenditure during the period	16,433
Acquisition of KOP (Note 8)	511,553
Deferred tax liability uplift on acquisition of KOP (Note 4)	214,286
	<hr/> 742,272 <hr/>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**NOTE 4: DEFERRED TAX LIABILITY**

	<b>CONSOLIDATED 31 December 2016 \$</b>
Balance at beginning of the period	-
Deferred tax liability uplift on acquisition of KOP (Note 3)	214,286
	<u>214,286</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

**NOTE 5: ISSUED CAPITAL**

	<b>Number</b>	<b>\$</b>
(i) Movement in ordinary shares		
Balance at beginning of the period	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	-	(469,018)
Share issue costs – options issued to Lead Manager	-	(819,521)
<b>Balance at end of period</b>	<u>25,100,001</u>	<u>3,471,462</u>

**NOTE 6: OPTIONS**

	<b>Number</b>	<b>\$</b>
Movement in options		
Balance at beginning of the period	-	-
Options exercisable on or before 31 December 2019:		
Issued free attaching to seed capital raising	1,300,000	-
Issued to Company's consultants, promoters and investors	13,700,000	819,521
<b>Balance at end of period</b>	<u>15,000,000</u>	<u>819,521</u>

**NOTE 7: PERFORMANCE SHARES**

	<b>Number</b>	<b>\$</b>
Balance at the beginning of the period	-	-
Issue of performance shares as part consideration for acquisition of KOP	20,000,000	-
<b>Comprising:</b>		
Class A Performance shares	10,000,000	-
Class B Performance shares	10,000,000	-
<b>Balance at end of period</b>	<u>20,000,000</u>	<u>-</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

### NOTE 7: PERFORMANCE SHARES (continued)

- (i) 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.
- (i) 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.

The Group has not assigned a value to the Performance Shares as these are contingent on future events for which no reasonable basis as to the likelihood of them converting is present. The key conversion terms and conditions on performance shares are listed below.

### NOTE 8: 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 3).

#### 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:

- (i) 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.
- (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.

#### Consideration transferred

Acquisition date fair value of the consideration transferred:

	<b>31 December 2016</b>
	<b>\$</b>
Cash consideration	11,956
Ordinary shares issued	500,000
Total consideration	<u>511,956</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

### NOTE 8: ACQUISITION OF THE KOP VENTURES PTY LTD (continued)

#### 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	<u>511,553</u>

#### Net cash flow arising on acquisition

The cash flow on acquisition is as follows:

	31 December 2016
	\$
Cash paid	(11,956)
Cash acquired	255
Net cash outflow	<u>(11,701)</u>

### NOTE 9: RELATED PARTY TRANSACTIONS

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.

### NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half-year 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 11: CONTINGENT LIABILITIES

There were no contingencies as at 31 December 2016.

### NOTE 12: COMMITMENTS

#### 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

### NOTE 12: COMMITMENTS (continued)

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. No fees were paid to Cicero Corporate Services Pty Ltd during the half-year ended 31 December 2016. 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*

	<b>31 December 2016</b>
<b>Commitments for exploration expenditure on Western Australian Projects</b>	<b>\$</b>
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

### NOTE 13: FINANCIAL INSTRUMENTS

The Directors have assessed that the carrying values of financial assets and financial liabilities approximate their fair value at balance date.

## **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 2016 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**

**15 March 2017**

## INDEPENDENT AUDITOR'S REVIEW REPORT



Accountants | Business and Financial Advisers

### INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Technology Metals Australia Limited

#### Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Technology Metals Australia Limited (“the company”) which comprises the condensed consolidated statement of financial position as at 31 December 2016, 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.

#### *Directors’ responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year 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 half-year 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 half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group financial position as at 31 December 2016 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.

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

#### *Independence*

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

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

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 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 2016 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*.

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

**HLB Mann Judd**  
Chartered Accountants

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

**N G Neill**  
Partner

**Perth, Western Australia**  
**15 March 2017**