



**TECHNOLOGY**

METALS AUSTRALIA LIMITED

ABN 64 612 531 389

**Interim Financial Report**  
31 December 2019

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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 2019. 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.

#### **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 of 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.

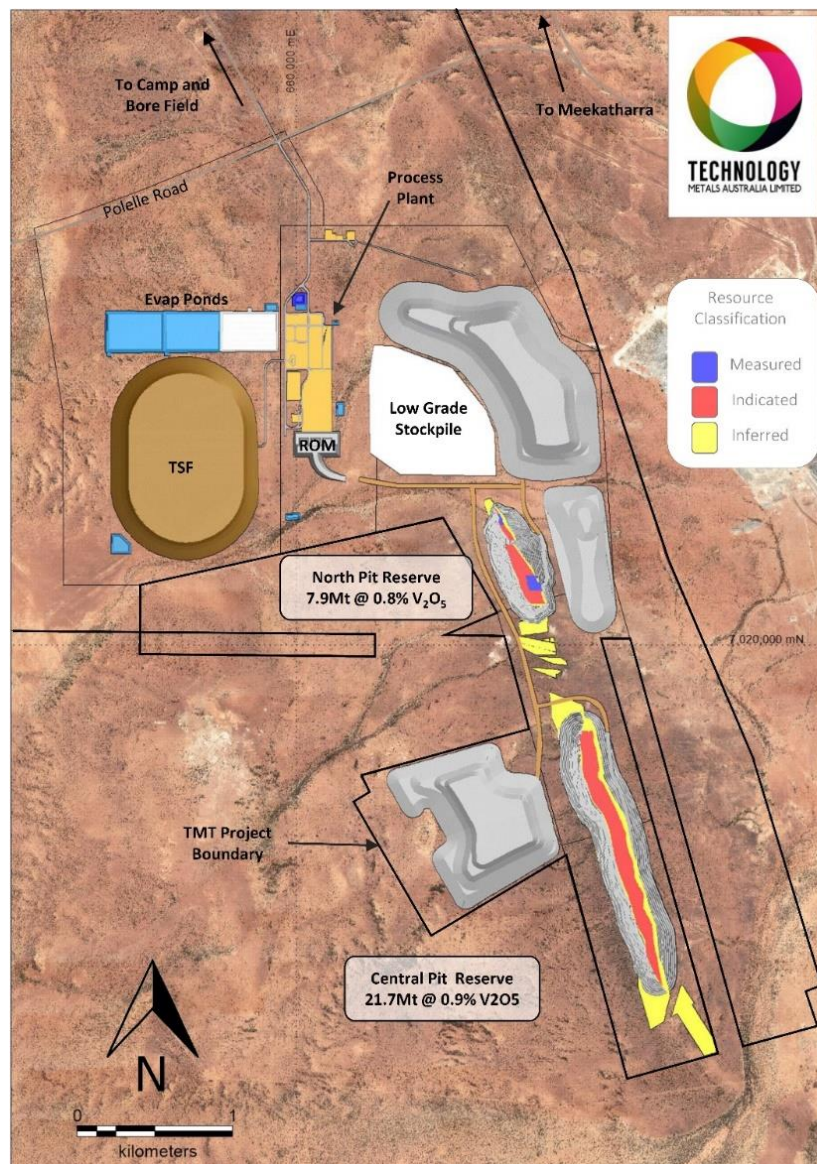
Currently Mr Cheema is also Company Secretary for eMetals Limited (ASX: EMT), Avira Resources Limited (ASX: AVW), Silver City Minerals Limited (ASX: SCI), and Yojee Limited (ASX: YOJ).

## DIRECTORS' REPORT (continued)

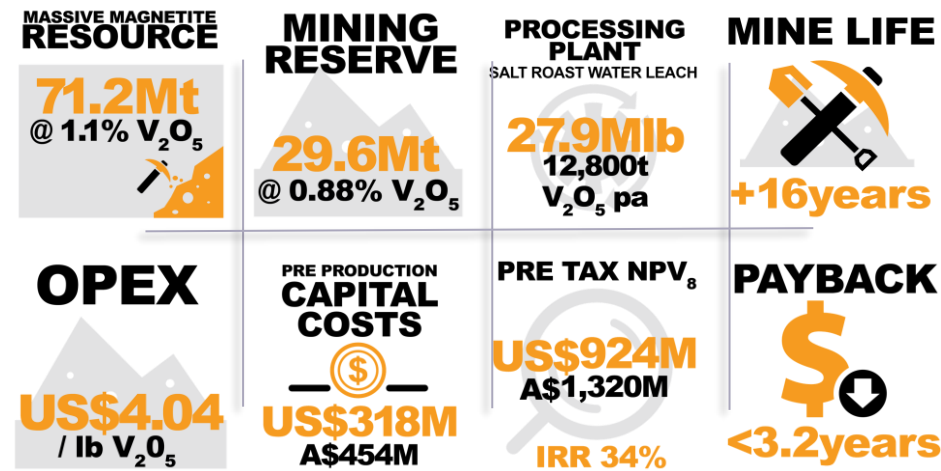
### Review of Operations

The Company continues to advance activities designed to progress the development of the high grade, low cost, large scale, long life Gabanintha Vanadium Project ("Project" or "GVP"). The very high quality definitive feasibility study ("DFS") on the development of the globally significant GVP was released in August 2019. Following the release of the DFS the Company has been in ongoing discussions with offtake partners, equipment vendors and suppliers, strategic partners and project funding parties as well progressing Project environmental and permitting activities.

The DFS was based on the Northern Block of tenements at GVP (see Figure 1) which host a Measured and Indicated Mineral Resource of 30.0 Mt at 0.9% V<sub>2</sub>O<sub>5</sub> within a global Measured, Indicated and Inferred Mineral Resource of 131 Mt at 0.9% V<sub>2</sub>O<sub>5</sub>. The Proven and Probable Ore Reserve of 29.6 Mt at a diluted grade of 0.88% V<sub>2</sub>O<sub>5</sub> (a very high +98% tonnage conversion from Measured and Indicated Resource) supports an initial 16 year project life, with +1.0% V<sub>2</sub>O<sub>5</sub> feed grade for the first 12 years establishing GVP as one of the World's highest grade vanadium projects. The GVP's large global Mineral Resource provides clear scope for a material increase to the initial project life.



**Figure 1:** Gabanintha Vanadium Project – Site Layout

**DIRECTORS' REPORT (continued)****GABANINTHA VANADIUM PROJECT DEFINITIVE FEASIBILITY STUDY SUMMARY<sup>1</sup>**

AUD/USD 0.70, US\$10.88/lb long term V<sub>2</sub>O<sub>5</sub> price, estimate confidence level of -5% to +15%

- Lowest quartile life of mine cash costs of US\$4.04/lb V<sub>2</sub>O<sub>5</sub> compare favourably to global producers.
- Industry leading end-to-end vanadium recovery of 77% on fresh massive ore with class leading 71% mass recovery to magnetic concentrate confirmed by pilot scale testwork.
- Critical pilot scale kiln roast test work completed by industry lead kiln supplier, FLSmidth Inc.
- Average annual production of 27.9 Mlb (12,800T) of very high purity V<sub>2</sub>O<sub>5</sub> – would establish Gabanintha as the World's largest primary vanadium producer.
- Feed grade of +1.0% V<sub>2</sub>O<sub>5</sub> for first 12 years – one of the World's highest grade projects.
- Conservative +two-year throughput and recovery ramp up assumptions used in financial modelling.
- Clear scope to extend mine life well beyond 20 years supported by conversion of some of the balance of the global Measured, Indicated and Inferred Mineral Resource of 131 Mt at 0.9% V<sub>2</sub>O<sub>5</sub>
- Life of mine EBITDA estimate of A\$4.1 Bn.
- Estimated A\$1.09 Bn free cash flow generated in the first six years of operation.
- 15-yr historical average price of US\$8.78/lb V<sub>2</sub>O<sub>5</sub> delivers pre-tax NPV<sub>8</sub> of US\$464m (A\$663m) and IRR of 21%.
- Pre-production process plant capital of US\$318m (A\$454m).

**Cautionary Statement**

The DFS referred to in this report is based upon a JORC Compliant Mineral Resource Estimate (ASX: Gabanintha Northern Block Resource Upgrade: 29 March 2019) (inclusive of the updated Proven and Probable Ore Reserve referred to in this report). Mineralisation to be mined in the DFS schedule includes 2% Inferred Mineral Resources in the first 12 years of production and a total 17% Inferred Mineral Resources over the life of mine. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. The inclusion of the Inferred Mineral Resources in the production schedule is not anticipated to impact materially on the Project's economic viability. The Ore Reserves and Mineral Resource Estimate underpinning the DFS have been prepared by Competent Persons with Competent Person' Statements attached.

Process and engineering designs for the DFS were developed to support capital and operating estimates to an accuracy of -5% to +15%. Key assumptions that the DFS was based on (including those defined as Material Assumptions under ASX Listing Rule 5.9.1) are outlined in the body of this report and Appendix 1. TMT believes the production target, forecast financial information derived from that target and other forward-looking statements included in this report are based on reasonable grounds.

Several key steps need to be completed in order to bring Gabanintha into production. Many of these steps are referred to in this report. Investors should note that if there are delays associated with completion of those steps, outcomes may not yield the expected results (including the timing and quantum of estimated revenues and cash flows). The economic outcomes associated with the DFS are based on certain assumptions made for commodity prices, exchange rates and other economic variables, which are not within the Company's control and subject to change. Changes in such assumptions may have a material impact on the economic outcomes.

To develop the Project as per the assumptions set out in the DFS will require additional capital. Investors should note that any failure to procure the required additional capital may result in a delay or change in nature and scale of the Project.

1 – Technology Metals Australia – ASX Announcement dated 21 August 2019, Gabanintha Vanadium Project Definitive Feasibility Study

## DIRECTORS' REPORT (continued)

### MARKETING ACTIVITIES

During the half year ended 31 December 2019, the Company has been in ongoing discussions with offtake partners, equipment vendors and suppliers, strategic partners and project funding parties. The Company continues to actively pursue partnerships with groups with a shared long term view of the vanadium industry and capacity to participate at a meaningful level in the Project.

To date these activities have delivered offtake MOU's with two counterparties covering 40% of the proposed annual average GVP production; 2,000Tpa  $V_2O_5$  with CNMC (Ningxia) Orient Group Co., Ltd. ("**CNMNC**") and 3,000Tpa  $V_2O_5$  with Shaanxi Fengyuan Vanadium Technology Development Co., Ltd. ("**Fengyuan**"). The Company is engaged with these counterparties to progress the conversion of the relevant MOU's through to binding Offtake Agreements.

In November 2019, the Company conducted a series of meetings in China including further meetings with CNMNC, Fengyuan and CNMNC's sister company China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd ("**NFC**"). The Company has now had a number of meetings with representatives of NFC, discussing scope for NFC to explore the opportunity to provide support to the development of GVP via EPC arrangements and potential funding support. These discussions are at a very early stage and may not lead to a mutually beneficial outcome, however they demonstrate the importance of further developing the Company's relationship with the CNMC group. Fengyuan and the Company are also progressing the conversion of the offtake MOU to a binding Offtake Agreement, with the MOU extended until the end of March 2020 to enable the orderly progression of mutual due diligence in parallel with the offtake negotiations.

During the December quarter, the Company announced that it has progressed its engagement with the Northern Australia Infrastructure Facility ("**NAIF**") to the Due Diligence Stage of the NAIF assessment process. NAIF is a A\$5 billion facility set up as an initiative of the Australian Federal Government to provide loans, which may be on concessional terms, to support and encourage infrastructure development in northern Australia. The GVP, a long-life strategic project for northern Australia, will be the largest single primary vanadium producer in the World and includes construction of a gas pipeline (by a third party), processing plant, power plant, and accommodation infrastructure.

Technology Metals is continuing to work closely with NAIF as the Company progresses offtake agreements, environmental approvals and refines the GVP development metrics. This work will culminate in the development of a formal Investment Proposal, which is a precondition for the NAIF Board to make an Investment Decision.

Vanadium's strategic importance to the Australian economy has been recognised with its inclusion on the Australian Government's list of critical minerals in Australia. The importance of critical minerals to the Australian Federal Government has been further underlined with the establishment of the Critical Minerals Facilitation Office ("**CMFO**") at the beginning of 2020. Engagement with NAIF, and by extension the CMFO, forms part of the Company's strategic approach in securing the funding required to progress the development of the GVP.

The Project funding is expected to consist of some or all of debt, JV interest, direct project investment and/or equity, with initial discussions with potential strategic investors and financiers completed during the quarter. A range of development opportunities for the Project, through engineering / EPC, build own operate transfer, plant and equipment procurement packages, and/or a combination of these, are being pursued by the Company and its advisers.

### Gas Supply

The Company has entered into a MOU with DDG Operations Pty Limited ("**DDG**"), part of the Australian Gas Infrastructure Group ("**AGIG**"), to co-operate in the joint conduct of investigations (FEED study) in relation to the construction of a natural gas pipeline from the AGIG owned and operated Dampier Bunbury Natural gas Pipeline. Natural gas is proposed to be used as the heating energy source in the roasting kiln and other parts of the process circuit and for electricity generation.

The MOU contemplates Technology Metals becoming a Foundation Customer for a new gas pipeline, with DDG to fund, build, own and operate the pipeline in return for Technology Metals entering into an annual take or pay tariff over a period to be agreed between the parties.

## DIRECTORS' REPORT (continued)

DDG and the Company continue to progress discussions around the optimal development of a natural gas pipeline to meet Technology Metals requirements, as well as to provide natural gas to third party customers in the region, and the appropriate timing to complete the required FEED study to ensure development of the pipeline is complimentary to development of the GVP.

### Equipment vendors

Vanadium industry leading kiln supplier FLSmidth Inc ("**FLS**") completed the critical risk reducing pilot scale kiln roast test work for the GVP DFS. This testwork confirmed that the GVP ore is suited to processing via the salt roast / water leach process flow sheet similar to what is currently operating at Largo Resources' Maracas Menchen vanadium mine in Brazil. It also confirmed the ability to produce a high purity (>99%) V<sub>2</sub>O<sub>5</sub> product, which may be amenable for the premium vanadium market, at industry leading vanadium recoveries.

The Company has further engaged with FLS following the completion of the GVP DFS to explore the process plant equipment, including but extending beyond the roasting kiln, that FLS may be able to supply to the Project. This work is ongoing but expanding the scope of equipment to be sourced from FLS may assist in structuring the Project funding package. These discussions are at an early stage, ongoing and may not result in a materially positive outcome for the Project.

### ENVIRONMENTAL APPROVALS

The Company self-referred the proposed Project development to the WA Environmental Protection Authority ("**EPA**"), with the EPA determining that the Project will undergo a formal environmental impact assessment with no public comment period. During the December quarter the EPA provided the Company with the Environmental Scoping Document ("**ESD**") that set out the key environmental factors to be addressed in support of the Environmental Review Document ("**ERD**"). The Company is incorporating the matters addressed in the ESD into its future work program leading to the preparation and ultimate submission of the ERD.

The Company's ecological consultants, Biologic Environmental Survey, have now conducted "spring" fauna, flora and vegetation surveys that provide complete seasonal coverage of the Project development envelope, with the reports and data from these surveys to be amalgamated with the reports and data from previous surveys and incorporated in to the ERD.

A key component of the ERD is the definition of the water source needed to satisfy processing, potable supply and dust-suppression requirements for the Project. Work completed as part of the DFS, and subsequent to the DFS, has identified a water source within a paleochannel located to the north west of the processing facility. The bore water as indicatively tested indicates a low salinity and low particulate composition which is to the benefit of the Project.

Water drilling completed to date along the full strike of the system has delivered deep and shallow monitoring bores and a production bore. Data from test pumping of these bores has been compiled and used by the Company's consultants AQ2 to develop a hydrogeological understanding of the borefield area. This work has indicated a further round of drilling is required to fully evaluate the system prior to the submission of the ERD. The scope and quantum of this work is being developed and will form part of the Company's future work program.

### TENEMENTS

During the half year ended 31 December 2019 General Purpose Leases 51/29 and 51/30 and Miscellaneous Licence L51/102 were granted (see table 1) and extension of term applications were lodged for Prospecting Licences P51/2930 (covered by G51/29), P51/2942 (covered by application M51/884), P51/2943 and P51/2944 (together covered by application M51/883). Subsequent to the end of the quarter Prospecting Licences P51/2930, P51/2942, P51/2943 and P51/2944 were extended for a further four years.

The Company continued to engage with representatives of the native title claimant group in the Project area to progress the process of grant of its two Mining Lease applications; M51/883 over the Northern Block of Tenements and M51/884 over the Southern Tenement.

**DIRECTORS' REPORT (continued)**

LOCATION	TENEMENT	INTEREST ACQUIRED OR DISPOSED OF DURING THE PERIOD	ECONOMIC INTEREST
Gabanintha Project (WA)	E51/1510-I	Nil	100%
Gabanintha Project (WA)	E51/1818	Nil	100%
Gabanintha Project (WA)	L51/101	Nil	100%
Gabanintha Project (WA)	L51/102	Nil - Granted	100%
Gabanintha Project (WA)	P51/2785-I	Nil	100%
Gabanintha Project (WA)	P51/2930	Nil	100%
Gabanintha Project (WA)	P51/2942	Nil	100%
Gabanintha Project (WA)	P51/2943	Nil	100%
Gabanintha Project (WA)	P51/2944	Nil	100%
Gabanintha Project (WA)	G51/29	Nil - Granted	100%
Gabanintha Project (WA)	G51/30	Nil - Granted	100%
Gabanintha Project (WA)	M51/883	Nil - Application	100%
Gabanintha Project (WA)	M51/884	Nil - Application	100%
Gabanintha Project (WA)	P51/3140	Nil - Application	100%

**Table 1:** Tenement Status as at 31 December 2019**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 8 and forms part of this Directors' report for the half year ended 31 December 2019.

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**

**10 March 2020**



## 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 2019, 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  
10 March 2020



**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 2019**

		<b>CONSOLIDATED</b> <b>31 December</b> <b>2019</b>	<b>CONSOLIDATED</b> <b>31 December</b> <b>2018</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Continuing operations</b>			
Other income	2(a)	524	14,327
Administration expenses	2(b)	(929,203)	(1,064,362)
Director fees		(136,665)	(139,998)
Exploration expenses		(33,822)	(118,209)
Share-based payments		-	(439,518)
Interest expense		(27,221)	-
Depreciation		(7,315)	(3,844)
<b>Loss before income tax</b>		<b>(1,133,702)</b>	<b>(1,751,604)</b>
Income tax benefit	4	2,769,178	-
<b>Net profit/(loss) for the period</b>		<b>1,635,476</b>	<b>(1,751,604)</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 profit/(loss) for the period</b>		<b>1,635,476</b>	<b>(1,751,604)</b>
Basic and diluted earnings/(loss) per share (cents per share)		1.87	(2.78)

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

		<b>CONSOLIDATED</b>	<b>CONSOLIDATED</b>
		<b>31 December</b>	<b>30 June</b>
		<b>2019</b>	<b>2019</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		524,452	1,839,236
Trade and other receivables		117,454	326,444
<b>Total current assets</b>		<b>641,906</b>	<b>2,165,680</b>
<b>Non-current assets</b>			
Property, plant and equipment		17,192	24,505
Deferred exploration and evaluation expenditure	5	20,757,565	19,210,131
<b>Total non-current assets</b>		<b>20,774,757</b>	<b>19,234,636</b>
<b>Total assets</b>		<b>21,416,663</b>	<b>21,400,316</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		319,027	1,938,156
<b>Total current liabilities</b>		<b>319,027</b>	<b>1,938,156</b>
<b>Total liabilities</b>		<b>319,027</b>	<b>1,938,156</b>
<b>Net assets</b>		<b>21,097,636</b>	<b>19,462,160</b>
<b>Equity</b>			
Issued capital	6	21,547,507	21,547,507
Reserves	7	2,541,250	2,541,250
Accumulated Losses		(2,991,121)	(4,626,597)
<b>Total Equity</b>		<b>21,097,636</b>	<b>19,462,160</b>

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	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>

	Issued capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>21,547,507</b>	<b>2,541,250</b>	<b>(4,626,597)</b>	<b>19,462,160</b>
Profit for the period	-	-	1,635,476	1,635,476
Other comprehensive income for the period, net of income tax	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	1,635,476	1,635,476
<b>Balance at 31 December 2019</b>	<b>21,547,507</b>	<b>2,541,250</b>	<b>(2,991,121)</b>	<b>21,097,636</b>

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	<b>CONSOLIDATED 31 December 2019 \$</b>	<b>CONSOLIDATED 31 December 2018 \$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(2,509,829)	(710,694)
Interest received	524	14,327
Interest Paid	(27,221)	-
Research and development incentive received	2,769,176	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>232,650</b>	<b>(696,367)</b>
<b>Cash flows from investing activities</b>		
Deferred exploration expenditure	(1,547,434)	(5,025,499)
<b>Net cash outflow from investing activities</b>	<b>(1,547,434)</b>	<b>(5,025,499)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	-	6,373,333
Payments for share issue costs	-	(360,000)
Proceeds from borrowings	1,414,693	-
Repayment of borrowings	(1,414,693)	-
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>6,013,333</b>
Net (decrease)/increase in cash held	(1,314,784)	291,467
Cash and cash equivalents at the beginning of the period	1,839,236	2,709,826
<b>Cash and cash equivalents at the end of the period</b>	<b>524,452</b>	<b>3,001,293</b>

The accompanying notes form part of these financial statements

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

### **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 2019 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 2019 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 2019.

#### **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 2019, 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 2019.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

##### AASB 16 Leases

The Group has applied AASB 16 from 1 July 2019 using the modified retrospective approach, with no restatement of comparative information.

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 2019. 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</b> <b>31 December</b> <b>2019</b> <b>\$</b>	<b>CONSOLIDATED</b> <b>31 December</b> <b>2018</b> <b>\$</b>
<b>(a) Other income</b>		
Finance revenue - bank interest	524	14,327
<b>(b) Administration expense</b>		
Consulting fees	359,018	153,871
Legal fees	63,057	33,284
Travel expenses	83,148	221,285
Audit fees	12,000	12,000
Professional fees	60,000	60,000
Other administrative expenses	351,980	583,922

### 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.

**NOTE 4: INCOME TAX**

	<b>CONSOLIDATED</b> <b>31 December</b> <b>2019</b> <b>\$</b>	<b>CONSOLIDATED</b> <b>31 December</b> <b>2018</b> <b>\$</b>
<b>(a) Income tax benefit</b>		
Current tax	2,769,178	-
Deferred tax	-	-
Income tax benefit	<u>2,769,178</u>	<u>-</u>
<b>(b) Numerical reconciliation between tax-expense and pre-tax net loss</b>	<u>2,769,178</u>	<u>-</u>
Accounting loss before tax from continuing operations	(1,133,702)	-
Loss before tax from a discontinued operation	-	-
Accounting loss before income tax	<b>(1,133,702)</b>	-
Income tax using Company's domestic tax rate of 30% (2018: 30%)	-	-
Research and development tax offset	2,769,178	-
Current period losses for which no deferred tax asset was recognised	<b>1,635,476</b>	-
<b>(c) Unrecognised temporary differences</b>		
Net deferred tax balances (calculated at 30%) have not been recognised in respect of the following items:		
Income tax losses not brought to account	-	-
Unrecognised deferred tax assets	-	-
Attributable to:		
Continuing operations	-	-
Discontinued operations	-	-

**NOTE 5: DEFERRED EXPLORATION AND EVALUATION**

	<b>Consolidated</b> <b>6 months to</b> <b>31 December</b> <b>2019</b> <b>\$</b>	<b>Consolidated</b> <b>12 months to</b> <b>30 June 2019</b> <b>\$</b>
Balance at beginning of the period	19,210,131	7,986,364
Expenditure during the period	1,547,434	10,305,267
Ordinary shares issued for acquisition of tenements and royalty during the period	-	918,500
	<u>20,757,565</u>	<u>19,210,131</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.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

## NOTE 6: EQUITY

### ISSUED CAPITAL

	<b>Consolidated 31 December 2019 \$</b>		<b>Consolidated 30 June 2019 \$</b>	
Ordinary shares issued and fully paid	21,547,507		21,547,507	

	<b>Consolidated As at 31 December 2019 Number</b>	<b>Consolidated As at 31 December 2019 \$</b>	<b>Consolidated As at 30 June 2019 Number</b>	<b>Consolidated As at 30 June 2019 \$</b>
(i) Movement in ordinary shares				
Balance at beginning of the period	87,554,167	21,547,507	55,300,001	10,326,761
Shares issued for acquisition of tenements on 3 July 2018	-	-	200,000	93,500
Options exercised on 12 July 2018	-	-	125,000	31,250
Options exercised on 8 August 2018	-	-	543,333	215,833
Options exercised on 24 August 2018	-	-	300,000	100,000
Shares issued for acquisition of royalty on 10 September 2018	-	-	1,500,000	825,000
Options exercised on 21 September 2018	-	-	50,000	20,000
Shares issued as part placement on 5 October 2018	-	-	12,000,000	6,000,000
Options exercised on 14 November 2018	-	-	25,000	6,250
Shares issued as part placement on 26 February 2019	-	-	17,510,833	4,552,816
Share issue costs	-	-	-	(623,903)
<b>Balance at end of period</b>	<b>87,554,167</b>	<b>21,547,507</b>	<b>87,554,167</b>	<b>21,547,507</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### NOTE 6: EQUITY (continued)

#### OPTIONS

	Consolidated 6 months to 31 December 2019 Number	Consolidated 6 months to 31 December 2019 \$	Consolidated As at 30 June 2019 Number	Consolidated As at 30 June 2019 \$
(j) Movement in options				
Options exercisable on or before 31 December 2019:				
Balance at start of period	14,590,000	807,557	14,800,000	807,557
Options exercised during period	-	-	(210,000)	-
Balance at end of period	14,590,000	807,557	14,590,000	807,557
Quoted Options exercisable on or before 24 May 2020				
Balance at start of period	14,888,750	733,999	6,666,666	733,999
Exercised during period	-	-	(533,333)	-
Issued as free attaching option as part of placement	-	-	8,755,417	-
Balance at end of period	14,888,750	733,999	14,888,750	733,999
Unquoted Options exercisable on or before 24 May 2020				
Balance at start of period	3,258,334	288,976	3,333,334	288,976
Exercised during period	-	-	(75,000)	-
Balance at end of period	3,258,334	288,976	3,258,334	288,976
Unquoted Options exercisable on or before 12 January 2021:				
Balance at start of period	2,750,000	390,000	3,000,000	390,000
Exercised during period	-	-	(250,000)	-
Balance at end of period	2,750,000	390,000	2,750,000	390,000
<b>Balance at end of period</b>	<b>35,487,084</b>	<b>2,220,532</b>	<b>35,487,084</b>	<b>2,220,532</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### NOTE 7: 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.

	Consolidated 6 months to 31 December 2019	Consolidated As at 30 June 2019
	\$	\$
Balance at the beginning of the period	2,541,250	2,232,497
Issue of options to consultants and directors	-	445,025
Cancellation/Forfeiture of Options	-	(5,505)
Options exercised, transferred to accumulated losses	-	(130,767)
	<u>2,541,250</u>	<u>2,541,250</u>

### 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

The Company announced on 31 January 2020 it had received commitments for a placement of up to 19,445,833 fully paid ordinary shares (Placement) at a price of \$0.11 per share to raise approximately \$2,083,350 before costs. The Completion of the Placement was subsequently finalised on 6 February 2020. The Company is seeking shareholder approval for director participation in the placement up to \$60,500 at the Company's upcoming general meeting to be held on 7 April 2020.

On 20 February 2020, the Company announced that the high grade, low cost, large scale, long life Gabanintha Vanadium Project has been assessed as a lead agency project under the Department of Mines, Industry Regulation and Safety's Lead Agency Framework.

## **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 2019 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**

**10 March 2020**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Technology Metals Australia Limited

**Report on the 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 2019, 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 company's financial position as at 31 December 2019 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 company's financial position as at 31 December 2019 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 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.

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*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**  
**10 March 2020**



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