TUNGSTEN METALS GROUP LIMITED

Formerly ATC Alloys Limited

ANNUAL REPORT

30 JUNE 2020

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Corporate Information

ACN 118 738 999

Directors

Mr Tony Adcock (Executive Chairman) – appointed 23 September 2020
Mr Chen (George) Guangyu (Executive Director)
Mr Gerard Kaczmarek (Non-Executive Director) – appointed 4 August 2021
Dr Karen Lloyd (Non-Executive Director) – appointed 4 August 2021

Company Secretary

Mr Ranko Matic – appointed 23 September 2020

Registered Office

Level 2
22 Mount Street
Perth WA 6000

Auditors

Criterion Audit Pty Ltd
Suite 2
642 Newcastle Street
Leederville WA 6902

Directors' Report

The directors of Tungsten Metals Group Ltd (formerly ATC Alloys Ltd) (**TMG** or **Company**) present their report, together with the financial statements of the Company for the financial year ended 30 June 2020. The financial report has continued to deconsolidate Asia Tungsten Products Co. Limited (**ATCHK**) and ATCHK's subsidiary Asia Tungsten Products Vietnam Limited (**ATCVN**) as at 30 June 2020.

Directors

The names of the directors of the Company during or since the end of the financial year are:

- Mr Tony Adcock (Executive Chairman) – appointed 23 September 2020
- Mr Chen (George) Guangyu (Executive Director)
- Mr Gerard Kaczmarek (Non-Executive Director) – appointed 4 August 2021
- Dr Karen Lloyd (Non-Executive Director) – appointed 4 August 2021
- Mr Imants Kins (Non-Executive Chairman) – resigned 4 August 2021
- Mr John Chegwidden (Non-Executive Director) – resigned 4 August 2021
- Mr Saxon Ball (Non-Executive Director) – resigned 7 September 2020

Current Board

Mr Tony Adcock (Executive Chairman) – appointed 23 September 2020

Tony Adcock has more than 30 years' experience in banking and financial services, capital markets and M&A at board, operation and consulting levels across Australia, Asia Pacific, Europe and the US. He has more than 20 years' experience as a Chairman, Director and Independent Director across FinTech, Agri-business, Critical Minerals, Mining, Oil & Gas and CleanTech industries.

Mr Adcock is a former Partner in PwC Consulting running an Asia Pacific business line and a Treasurer & General Manger in banking and capital markets. Mr Adcock is a former Non-Executive Director of EML Payments Limited and various private, Not for Profit and indigenous companies.

Mr Chen (George) Guangyu (Executive Director)

Chen (George) Guangyu was appointed as a non-executive director of the Company in September 2018 and transitioned to executive director on 13 April 2021 with the signing of an Executive Services Agreement. Mr Chen is a qualified mechanical/chemical engineer with over 30 years' expertise & experience in developing & operating minor metals processing plants, including Tungsten, & Cobalt. Mr Chen is a past senior executive of Xiamen Tungsten, a large China listed Tungsten, Cobalt & minor minerals Company. Mr Chen is a world industry leader in Tungsten, and has held senior positions in the ITIA (International Tungsten Industry Association). Mr Chen was instrumental in the promotion, designing, building and operation of the two Ferrotungsten (FeW) plants built in Vietnam, and has developed strong expertise in operating in Vietnam. Mr Chen is a 40% Shareholder and Joint Venture Partner with the Company and the President of ATCHK & ATCVN and has management control of the operations of the ATCVN FeW plant.

Mr Chen (George) Guangyu held no directorships of other listed companies in last 3 years.

Mr Gerard Kaczmarek (Non-Executive Director) – appointed 4 August 2021

Gerard Kaczmarek has over 40 years' experience working predominantly in the resource sector and specialising in accounting and finance and company management with several emerging and leading mid-tier Australian gold companies. He was Chief Financial Officer and Company Secretary for Saracen Mineral Holdings from 2012 to 2016. He served as Chief Financial Officer and Company Secretary at Troy Resources from 1998 to 2008 and from 2017 to 2019. Earlier in his career, he held a range of positions with the CRA/Rio Tinto group and was Chief Financial Officer for a number of other Mid-Tier and Junior Mining Companies. He is currently a Non-Executive Director of Genesis Minerals Limited (ASX:GMD).

Dr Karen Lloyd (Non-Executive Director) – appointed 4 August 2021

Dr Karen Lloyd is a geologist, mineral economist and mining engineer with 26 years' international resource industry experience gained with some of the major mining, consulting and investment houses globally. She specialises in mineral asset valuation and provides consulting and advisory in support of project finance for merger and acquisition activity. She has been responsible for multi-disciplinary teams covering precious metals, base metals, industrial minerals and bulk commodities globally. Her PhD research at the WA School of Mines was focused on the market risk premium for gold project transactions on the Australian Securities Exchange.

Dr Lloyd is currently appointed as Non-Executive Director of Lightning Minerals Limited (ASX:L1M) and public unlisted junior mining exploration company, K2O Potash Corp. Ltd.. She is employed as Chief Strategy Officer for Genmin Limited (ASX:GEN). Dr Lloyd is a Fellow of the AusIMM and has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Company Secretary

Ranko Matic – appointed 23 September 2020

Ranko Matic is a Chartered Accountant with over 30 years' experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Ranko is a director of a chartered accounting firm and a corporate advisory company based in Perth, and has specialist expertise and exposure in areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations.

Directors Meetings

The number of Directors meetings held and the number of meetings attended by each director during the period were as follows:

	Number of meetings eligible to attend	Number of director meetings attended
Mr Imants Kins	-	-
Mr Saxon Ball	-	-
Mr John Chegwidden	-	-
Mr Chen (George) Guangyu	-	-

Interests in shares and options of the Company

As at the date of this report, the interests of the directors, either directly or indirectly, in the shares of TMG were;

	Convertible Notes $	**Ordinary Shares**	**Options**
Mr Tony Adcock	-	-	-
Mr Gerard Kaczmarek	-	-	-
Dr Karen Lloyd	-	-	-
Mr Chen (George) Guangyu	-	40,000[1]	-

1. Mr Chen is a Controlling Shareholder of George Consulting Co Ltd which holds 40,000 Shares.

Principal Activities

The principal activity of the Company has been involvement in the production of ferrotungsten in Vietnam through the 60% ownership of an incorporated Joint Venture. As advised in the 2017 financial year the Company had made the decision to suspend production runs conducted by the Joint Venture. This arose from a dispute over the management of the plant and operation of the Joint Venture.

A review of the activities has required the directors to assess whether they had control of ATCHK and/or ATCVN for accounting purposes during the 2020 financial year. After careful analysis it was deemed that for accounting purposes, the Company could not demonstrate control of either ATCHK or ATCVN for the 2020 financial year. Therefore, a decision was made to continue to report on a deconsolidated method for those two entities. The Company still held 60% of ATCHK, but on deconsolidation recognised this holding as having nil value at balance date.

In April 2021, the Company signed a Share Purchase Agreement to purchase the 40% holding of the Joint venture partner, in order to unlock the potential value that still remains with the Company's 60% shareholding underpinned by the Vietnam plant value in those entities. This agreement subsequently lapsed but has now been redrafted, signed and renewed on the same commercial terms. George Chen has been on the board of the Company to allow the operations to run harmoniously.

Convertible Note and Unsecured Loans

The Company had $4.56 million in Convertible notes as at 30 June 2020. These notes could be converted into ordinary shares in ATC at fixed terms as disclosed in note 7. The interest outstanding was to be part of a settlement with the note holders on their conversion of both their notes and outstanding interest to equity at a future date. Of the $4.56 million at 30 June 2020, approximately $3.93m has agreed to be converted to shares subsequent to year end under the terms and conditions outlined in section 15 of the financial report.

On 31 January 2020, the Company was notified by the ASX that it would be removed from the Official List of ASX from commencement of trading on 3 February 2020 under Listing Rule 17.12.

Review and Results of Operations

The operating profit after tax for the ended 30 June 2020 was $2,422,824 (2019: loss of $2,361,539).

Financial Position

The net liabilities of the Company have decreased from $12,756,139, at 30 June 2019 to $10,331,441 at 30 June 2020. This decrease is largely due to the following factors:

- Increase in Trade payables & Other Payables of $460,804 due to reduced cash available.
- Decrease in unsecured loans to fund the Company of $2,885,502.

The Company has a net working capital deficiency, being current liabilities exceeding current assets, of $10,331,441 at 30 June 2020 (2019: $12,754,265).

Significant Changes in the State of Affairs

During the year there were no changes in the state of affairs of the Company other than those referred to in Principal Activities or notes thereto.

Subsequent Events

Subsequent to year end the following material subsequent events occurred:

- The Company is proposing to raise additional funds via an capital raising and Initial Public Offering and subsequent listing on the ASX, with the prospectus expected to be lodged with the ASX and ASIC to raise up to approximately $16 million at $0.20 per share.

- The Company has negotiated, subject to completion of this Initial Public Offering (IPO), for the acquisition of the remaining 40% of ATCVN and regaining control over this entity. Since July 2021, an additional A$566,349 has been provided to ATCHK and A$70,862 to ATCVN at arm's length for working capital purposes.

- As at 30 June 2020 the Company had convertible notes with a face value of $4,557,500 outstanding. Subsequent to the end of the year, additional convertible notes with a face value of $3,377,900 were issued for working capital purposes, $50,000 convertible notes settled with cash, and $110,000 convertible notes settled via the issue of shares, to be issued on completion of an Initial Public Offering (IPO).

  A further number of convertible note holders with a face value of $3,765,000 agreed to settle their outstanding liability under revised terms at a conversion price of $0.30 (on a post-consolidation basis) with all interest accrued to be forgiven. These shares will be issued as part of the IPO process.

- The company has also successfully negotiated repayment terms with a number of creditors and statutory demands from its creditors, with settlement of $1,268,931 of Trade and Other Payables via the issue of shares subject to completing an Initial Public Offering (IPO).

Environmental Regulation

The Directors are not aware of any environmental law that is not being complied with by the Company.

The Company's indirect investment in ATCVN, is subject to all aspects of the Vietnam environmental regulations as set out in the Commitment Agreement on Environmental Protection.

Future Developments

Information on the likely developments in the operation of the Company and the expected results of those operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company .

As set out in this report, the Company has negotiated, subject to completing an Initial Public Offering (IPO), for the acquisition of the remaining 40% of ATCVN and regaining control over this entity.

The Company is continuing with Mr Chen's support and expertise to further seek and develop opportunities in the ferrotungsten and tungsten downstream processing space.

Share options

There are no outstanding options issued as at the date of this report.

Options to be issued to Poynton Stavrianou (corporate advisory consultant), at the date of this report are as follows (shown on a post 30:1 share consolidated basis due to occur prior to IPO):

Number of options	*Expiry date*	*Exercise price*	*Fair value*
1,000,000	3 years from date of issue	$0.23	$0.079
1,000,000	3 years from date of issue	$0.25	$0.079

Options agreed to be issued to Tony Adcock (Chairman), subject to shareholder approval, at the date of this report are as follows:

Number of options	*Expiry date*	*Exercise price*	*Fair value*
1,000,000	3 years from date of issue	$0.23	$0.085
1,000,000	3 years from date of issue	$0.25	$0.085

Dividends

No dividend has been paid since the end of the financial period and no dividend is recommended for the current year.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Directors' Report (continued)

Officers' Indemnities and Insurance

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the directors and executives of the company for costs incurred, in their capacity as a director or executive..

Neither the Company nor any of its related bodies corporate have provided any insurance for any auditor of the Company or a related body corporate.

Non-Audit Services

No non-audit services were provided by Criterion Audit Pty Ltd during the period.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 40.

This Director's Report is signed in accordance with a resolution of the Directors.

Tony Adcock
Chairman
31 May 2023

Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 30 June 2020

	Note	2020 $	2019 $
Other Income			
Forgiveness of debt	2	4,391,820	-
Total other income		**4,391,820**	**-**
Administrative expenses		(140,898)	(172,784)
Auditor's remuneration		(36,450)	(10,000)
Consultancy fees		(173,780)	(484,000)
Depreciation	5	-	(433)
Directors' fees		(119,000)	(162,000)
Finance costs	2	(1,360,741)	(1,261,329)
Foreign exchange gains/(losses)		(43,371)	(156,500)
Provision for loan to related parties		-	(2,520)
Legal fees		(84,689)	(97,120)
Bad debts written off		(8,998)	-
Occupancy costs		-	(3,995)
Travel and marketing expense		(1,069)	(10,858)
Profit/ (Loss) before income tax expense		**2,422,824**	**(2,361,539)**
Income tax expense	3	-	-
Profit/ (Loss) for the year		**2,422,824**	**(2,361,539)**
Other comprehensive income		-	-
Total comprehensive income for the year		**2,422,824**	**(2,361,539)**
Earnings per share			
Basic and diluted (cents per share)	10	1.72	(1.68)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the attached notes.

Statement of Financial Position
As At 30 June 2020

	Note	2020 $	2019 $
Current assets			
Trade and other receivables	4	-	1,874
Total current assets		**-**	**1,874**
Non-current assets			
Property, plant and equipment	5	-	-
Total non-current assets		**-**	**-**
Total assets		**-**	**1,874**
Current liabilities			
Trade and other payables	6	4,948,224	4,487,420
Financial liabilities	7	5,383,217	8,268,719
Total current liabilities		**10,331,441**	**12,756,139**
Total liabilities		**10,331,441**	**12,756,139**
Net liabilities		**(10,331,441)**	**(12,754,265)**
Equity			
Issued capital	8	67,154,632	67,154,632
Accumulated losses		(77,486,073)	(79,908,897)
Total equity/(deficiency)		**(10,331,441)**	**(12,754,265)**

The above statement of financial position should be read in conjunction with the attached notes.

Statement of Changes in Equity
For The Year Ended 30 June 2020

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2018	67,154,632	30,600	(77,577,958)	(10,392,726)
Loss for the period	-	-	(2,361,539)	(2,361,539)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**(2,361,539)**	**(2,361,539)**
Transactions with owner, directly recognised in equity				
Expiry of options	-	(30,600)	30,600	-
Balance at 30 June 2019	**67,154,632**	**-**	**(79,908,897)**	**(12,754,265)**
Balance at 1 July 2019	67,154,632	-	(79,908,897)	(12,754,265)
Profit for the period	-	-	2,422,824	2,422,824
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**2,422,824**	**2,422,824**
Transactions with owner, directly recognised in equity				
Balance at 30 June 2020	**67,154,632**	**-**	**(77,486,073)**	**(10,331,441)**

The above statement of changes in equity should be read in conjunction with the attached notes.

Statement of Cash Flow
For The Year Ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Payments to suppliers and employees		-	38,534
Net cash used in operating activities	**14(c)**	**-**	**38,534**
Cash flows from investing activities			
Proceeds from related party		12	-
Net cash used in investing activities		**12**	**-**
Cash flows from financing activities			
Proceeds from borrowings		-	436,903
Repayment of borrowings		-	(477,711)
Net cash (used in)/provided by financing activities		**-**	**(40,808)**
Net increase in cash and cash equivalents		12	(2,274)
Cash and cash equivalents at beginning of period		(12)	2,262
Cash and cash equivalents at end of period	**14(a)**	**-**	**(12)**

The above cash flow statement should be read in conjunction with the attached notes.

1. Significant accounting policies

1.1 Statement of Compliance

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

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS'). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements comprise the financial statements and notes of Tungsten Metals Group Limited (formerly ATC Alloys Ltd) (**TMG** or **Company**), noting that Asia Tungsten Products Co. Limited (**ATCHK**) and its subsidiary Asia Tungsten Products Vietnam Limited (**ATCVN**) were deconsolidated in 2017 due to loss of control. TMG is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue by the directors on 31 May 2023.

1.2 Basis of preparation

This financial report has been prepared on an accruals basis and is based on historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The Company incurred an operating profit of $2,422,824 for the year ended 30 June 2020 (2019: loss of $2,361,539).

The net current liabilities of the Compan at 30 June 2020 was $10,331,441 (2019: $12,754,265) and the net cash outflows from operating activities during the year was nil (2019: $38,534 inflows due to GST claims).

1. Significant accounting policies (continued)

1.2 Basis of preparation (continued)

Going Concern (continued)

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- The Company is proposing to raise additional funds via an capital raising and Initial Public Offering and subsequent listing on the ASX, with the prospectus expected to be lodged with the ASX and ASIC to raise up to approximately $16 million at $0.20 per share.
- The Company has negotiated, subject to completion of this Initial Public Offering (IPO), for the acquisition of the remaining 40% of ATCVN and regaining control over this entity. Since July 2021, an additional A$566,349 has been provided to ATCHK and A$70,862 to ATCVN at arm's length for working capital purposes.
- As at 30 June 2020 the Company had convertible notes with a face value of $4,557,500 outstanding. Subsequent to the end of the year, additional convertible notes with a face value of $3,377,900 were issued for working capital purposes, $50,000 convertible notes settled with cash, and $110,000 convertible notes settled via the issue of shares, to be issued on completion of an Initial Public Offering (IPO).

  A further number of convertible note holders with a face value of $3,765,000 agreed to settle their outstanding liability under revised terms at a conversion price of $0.30 (on a post-consolidation basis) with all interest accrued to be forgiven. These shares will be issued as part of the IPO process.
- The company has also successfully negotiated repayment terms with a number of creditors and statutory demands from its creditors, with settlement of $1,268,931 of Trade and Other Payables via the issue of shares subject to completing an Initial Public Offering (IPO).
- Trade and other payables includes an amount of $1,007,579 owing to Ochre Group Holdings Limited ("Ochre"). At the date of signing this report, the amount confirmed to be owing to Ochre Holdings Limited is $494,816. In addition Ochre holds convertible notes with a face value of $135,000 recorded within Financial Liabilities. The Company is currently in discussions with Ochre's liquidators in relation to negotiation for settlement of the amounts owing. As at the date of signing this report, discussions are on-going. The final settlement amount is contingent on completion of these negotiations. Management believes the settlement amount will be no greater than the liability currently recorded.

Should the Company not achieve the matters set out above, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Company not be able to continue as a going concern.

1. Significant accounting policies (continued)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

1.3 Goods and services tax

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

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivable and payable are stated with the amount of GST included.

The amount of GST recoverable from the taxation authority is included as part of the receivables in the Statement of Financial Position. The amount of GST payable to the taxation authority is included as part of the payables in the Statement of Financial Position.

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

1.4 Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

1. Significant accounting policies (continued)

1.4 Fair Value of Assets and Liabilities (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the Company at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the Company's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

1. Significant accounting policies (continued)

1.5 Foreign Currency Transactions and Balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

1.6 New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2020. 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 its business and, therefore, no change necessary to Company's accounting policies.

1. Significant accounting policies (continued)

1.7 Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. Other Income and Expenses

Other Income

	2020 $	2019 $
Forgiveness of debt	4,391,820	-
Total other income	4,391,820	-

Subsequent to the end of the reporting period, the Company has negotiated with its creditors and convertible note holders, with many of these parties agreeing to a partial forgiveness of debt. Other income is measured at the fair value of the consideration received or receivable.

Finance Costs

	2020 $	2019 $
Interest Accrued		
- Secured Debt facilities – Siderian Capital	664,309	519,716
- Convertible Notes	564,683	489,600
- Other loans and payables	131,749	252,013
Total finance costs	1,360,741	1,261,329

3. Income Tax Expense

Major components of income tax expense for the years ended 30 June 2020 and 30 June 2019 are:

(a) Reconciliation of income tax expense to prima facie tax payable	**2020 $**	**2019 $**
Operating gain (loss) before income tax	**2,422,824**	**(2,361,539)**
Prima facie income tax (benefit)/expense at 27.5% (2019: 27.5%) on operating profit/(loss)	666,277	(649,423)
Add tax effect of:		
Non-deductible expenses	35,216	93,250
Tax losses and temporary differences not recognised	(701,493)	556,173
Non temporary differences	-	-
Income tax attributable to operating (loss)/profit	-	-

Directors are of the view that there is insufficient probability that the Company will derive sufficient income in the foreseeable future to justify booking the tax losses and temporary differences as deferred tax assets and deferred tax liabilities.

b) There is no amount of tax benefit recognised in equity as the tax effect of temporary differences has not been booked

(c) Tax losses unrecognised net deferred tax assets		
The below is at the tax rate of 27.5% (2019: 27.5%)		
Unused tax losses[1]	15,006,382	17,469,471
Deductible temporary differences	-	(16,068)
Capital raising costs	-	23,680
Accruals	116,375	39,050
Total	15,122,757	17,516,133

1. The ability of the Company to utilise the tax losses is subject to the Company satisfying either the continuity of ownership test or the same business test.

(d) Unrecognised temporary differences		
Non deductible amounts as temporary differences	-	-
Accelerated deductions for book compared to tax	-	-
Total	15,122,757	17,516,133
Potential effect on future tax expense	15,122,757	17,516,133

3. Income Tax Expense (continued)

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate as the Company is subject to income taxes in Australia.

The income tax expense (revenue) for the year comprises current income tax expense (income) and movements in deferred tax.

Current income tax expense charged to the profit or loss is the tax payable on taxable income measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets including unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

4. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment loss. Trade receivables are due for settlement no more than 120 days from the date of recognition.

During the year the Company wrote off an amount of $1,874 as a bad debt as it was determined by Management to be non-recoverable.

The Company does not have any material credit risk exposure to any receivable, other than related parties which has been fully impaired.

The following table details the Company's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Company and the customer or counter party to the transactions. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

2020	Gross Amount	Past Due And Impaired	Past due but not impaired (days overdue)				Within Initial trade terms
			<30	31 – 60	61 – 90	90 - 150	
	$	$	$	$	$	$	$
Trade and term receivables	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Related party loans	27,742,386	(27,742,386)	-	-	-	-	-
	27,742,386	(27,742,386)	-	-	-	-	-

2019	Gross Amount	Past Due And Impaired	Past due but not impaired (days overdue)				Within Initial trade terms
			<30	31 – 60	61 – 90	90 - 150	
	$	$	$	$	$	$	$
Trade and term receivables	1,874	-	-	-	-	1,874	-
Other receivables	-	-	-	-	-	-	-
Related party loans	27,742,386	(27,742,386)	-	-	-	-	-
	27,744,260	(27,742,386)	-	-	-	1,874	-

4. Trade and other receivables (continued)

Related party loans

The Company has provided a Loan to Asia Tungsten Products Co. Limited (**ATCHK**) over the past years which was eliminated on consolidation in prior years. The elimination is not reflected on deconsolidation.

	2020 $	2019 $
Loan receivable - HK	27,717,386	27,717,386
Less: provision for impairment	(27,717,386)	(27,717,386)
	-	-

The above loan is denominated in USD and there was no movement in the loan during the year.

The Company has also provided a Loan to Asia Tungsten Products Co. Limited (**ATCVN**) over the past years which was eliminated on consolidation in prior years. The elimination is not reflected on deconsolidation.

	2020 $	2019 $
Loan receivable - Vietnam	25,000	25,000
Less: provision for impairment	(25,000)	(25,000)
	-	-

The above loan is denominated in USD and there was no movement in the loan during the year.

Key judgements – impairment

The impairment has been based on the followings:

- no repayment in the year;
- interest not paid;
- net asset deficiency of the entity; and
- losses being generated.

5. Property Plant and Equipment

	2020 $	2019 $
Property Plant and Equipment at cost	94,235	94,235
Less: accumulated Depreciation	(94,235)	(94,235)
	-	-

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	2020 $	2019 $
Opening Written Down Value	-	433
Depreciation	-	(433)
	-	-

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually be directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation is provided on plant and equipment and is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Office furniture and equipment	3-5 years
Computer equipment	3 years
Plant and equipment	5-30 years
Buildings, Leasehold Land & Improvements	3-50 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

6. Trade and other payables

	2020	2019
	$	$
Unsecured:		
Trade and other payables	4,948,224	4,487,420

Trade and other payables, outside of debt incurred prior to de-listing which is being renegotiated, are non-interest bearing and usually settled on 30 day terms.

The company has also successfully negotiated repayment terms with a number of creditors and statutory demands from its creditors, with settlement of $1,268,931 of Trade and Other Payables via the issue of shares subject to completing an Initial Public Offering (IPO).

Interest accrued on the convertible notes to 30 June 2020 totals $1,750,620 (2019: $1,185,937) and is reported within Trade and Other Payables. Refer to note 5 for further information on settlement of these outstanding liabilities. The terms of settlement are that the Interest Accrued will be forgiven on conversion of the convertible notes to shares.

Trade and other payables includes an amount of $1,007,579 owing to Ochre Group Holdings Limited ("Ochre"). At the date of signing this report, the amount confirmed to be owing to Ochre Holdings Limited is $494,816. In addition Ochre holds convertible notes with a face value of $135,000 recorded within Financial Liabilities. The Company is currently in discussions with Ochre's liquidators in relation to negotiation for settlement of the amounts owing. As at the date of signing this report, discussions are on-going. The final settlement amount is contingent on completion of these negotiations. The liabilities have been recognised based on the total liability outstanding agreed with the Ochre board of directors prior to the company going into liquidation.

7. Financial liabilities short-term

	2020	2019
	$	$
Bank Overdraft	-	12
Secured Debt facility – Siderian Capital (i)	725,717	3,438,707
Convertible Notes (ii)	4,557,500	4,130,000
Promissory Notes (iii)	-	400,000
Unsecured Loans – Funds advanced (iv)	100,000	300,000
Total financial liabilities	5,383,217	8,268,719

(i) The debt facility was provided by Siderian Resource Capital Limited (Siderian Capital) and was due to be repaid including all outstanding interest and charges on 20 April 2017 as per the agreed terms in the latest Forbearance letter dated 30 March 2017. Interest was payable at 17%. The loan is secured by the ferrotungsten liner and other company assets. The Loan could be called in to be repaid at any time due to the breaches of the loan agreement. On 28 August 2020, the Company executed a Settlement Term Sheet whereby the Company negotiated to repay US$500,000 (AUD 725,717 at 30 June 2020) in full and final settlement of the debt, payable in full by 31 December 2020. This resulted in a debt forgiveness of US$2,356,750 (AUD 3,420,670) recognised during the year. Due to the Company defaulting on the payment terms in the Settlement Term Sheet, the Company entered into a Deed of Termination and Release with Siderian Capital on 18 August 2021, whereby Siderian Capital would accept US$250,000 cash, payable immediately, and the issuance of Convertible Notes to the value of AUD 325,000. The US$250,000 cash was paid on 20 August 2021.

7. Financial liabilities short-term (continued)

(ii) $4,330,000 of these convertible notes are secured, ranking second to the secured debt facility and attract an interest rate of 12%. These notes matured on 1 July 2018. These notes can be repaid in cash or converted at the relevant conversion rate to ordinary shares at the holders' discretion.

Interest accrued on the convertible notes to 30 June 2020 totals $1,750,620 (2019: $1,185,937) and is reported within Trade and Other Payables. Interest on the convertible notes is payable in ordinary shares at six monthly intervals. Subsequent to the end of the reporting period and up until the date of this report, the Company renegotiated the terms of various convertible notes, whereby the Company has agreed to convert the principal at $0.30 (on a post-consolidation basis) per share and no interest payable be paid. The Company is currently renegotiating conditions of further Convertible notes and proposes to convert them to equity.

(iii) These promissory notes were provided by Almonty Industries Inc and were due to be repaid including all outstanding interest on 29 July 2017 for the principal amount of $150,000 and 18 August 2017 for the principal amount of $250,000. These were repaid in full during the year.

(iv) The Unsecured Loan – Funds Advanced of $100,000 were provided by unrelated parties. Of the opening balance of $300,000, $200,000 was converted to convertible notes during the year. The Unsecured loans are unsecured and with no interest payable, and only to be repaid by the Company when it has the financial capacity to repay the loan, or the parties agree to convert the debt to equity.

Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

8. Issued capital

	2020 $	2019 $
140,891,481 fully paid ordinary shares (2019: 140,891,481)	67,154,632	67,154,632

Fully paid ordinary shares	2020		2019	
	No.	$	No.	$
Balance at the beginning of financial year	140,891,481	67,154,632	140,891,481	67,154,632
Movement	-	-	-	-
Balance at the end of financial year	**140,891,481**	**67,154,632**	**140,891,481**	**67,154,632**

Ordinary shares have the right to receive dividends as declared by the board and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle the holder to one vote either in person or by proxy at a meeting of the Company.

Options on Issue
There were no options on issue at the end of the financial year or the prior financial year.

9. Capital management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being debt financing and equity raisings. Therefore, the focus of the Company's capital risk management is capital raising to meet costs. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to sourcing debt financing and initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2020 and 30 June 2019 are as follows:

	2020 $	**2019 $**
Current assets	-	1,874
Current liabilities	(10,331,441)	(12,756,139)
Working capital position	(10,331,441)	(12,754,265)

10. Earnings per share

	2020 Cents per share	**2019 Cents per share**
Basic and diluted gain (loss) per share from continuing operations	1.72	(1.68)

Basic and Diluted Earnings per Share
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2020 $	**2019 $**
Gain (Loss) used in the calculation of basic and diluted EPS as per income statement	2,422,824	(2,361,539)
	No.	**No.**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	140,891,481	140,891,481

11. Discontinued Operations

The directors had assessed that they no longer control the investment in Hong Kong and Vietnam. Deconsolidation occurred from 1 July 2016.

Therefore in the financial year 2017, there is a discontinuation of operations due to the deconsolidation.

Key judgements – Joint Venture
The directors had to apply judgement in assessing whether for accounting purposes the Company had control of the two overseas entities.

Control is in place when TMG is exposed, or has rights to variable returns and has the ability to affect those returns through its power over the investment. The directors assessed that they have not had the ability to use its power to affect an investor return.

Power is where there is the existing right that gives the ability to direct the relevant activities, being the activities that affect investee's returns. There are numerous reasons such as inability to obtain information, JV party conducting activities that went against agreed plans, not have access to the company stamp which is required to execute documents. Whilst the Company owns 60% and has the right to dividends, it has been demonstrated that the directors have still not been able to substantively direct the activities of the two entities during the year ended 30 June 2020.

12. Contingent Liabilities and Contingent Events

Trade and other payables includes an amount of $1,007,579 owing to Ochre Group Holdings Limited ("Ochre"). At the date of signing this report, the amount confirmed to be owing to Ochre Holdings Limited is $494,816. In addition Ochre holds convertible notes with a face value of $135,000 recorded within Financial Liabilities. The Company is currently in discussions with Ochre's liquidators in relation to negotiation for settlement of the amounts owing. As at the date of signing this report, discussions are on-going. The liabilities have been recognised based on the terms agreed prior to going into liquidation. The final settlement amount is contingent on completion of these negotiations.

Outside of the above, the Board of Directors believe that there are no contingent liabilities or capital equipment commitments up to or subsequent to 30 June 2020.

Key Judgment – Environmental Issues
Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

13. Auditor's Remuneration

Amounts received or due and received for:

An audit or review of the financial report of the Company

	2020 $	2019 $
Criterion Audit Pty Ltd	20,000	35,000

14. Notes to the cash flow statement

a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Statement of Financial Position as follows

	2020 $	2019 $
Cash and cash equivalents/(overdraft)	-	(12)

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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

b) Non-cash financing and investing activities

During the year an additional $427,500 in convertible notes were entered into, with these funds being paid directly to creditors to settle outstanding liabilities.

Outside of the above, no non-cash financing and investing activities transactions took place during the financial year.

c) Reconciliation of loss for the period to net cash flows from operating activities

	2020 $	2019 $
Gain (Loss) for the period	2,422,824	(2,361,539)
Non-cash items		
Depreciation	-	433
Finance costs	1,360,741	1,261,329
Net foreign exchange loss	43,371	156,290
Write off of bad debts	8,998	-
Forgiveness of debts	(4,391,820)	-
Movements in working capital		
(Increase)/decrease in assets:		
Trade and other receivables	(7,124)	20,824
Increase/(decrease) in liabilities:		
Trade and other payables	563,010	961,197
	-	38,534

15. Subsequent Events

Subsequent to year end the following material subsequent events occurred:

- The Company is proposing to raise additional funds via an capital raising and Initial Public Offering and subsequent listing on the ASX, with the prospectus expected to be lodged with the ASX and ASIC to raise up to approximately $16 million at $0.20 per share.

- The Company has negotiated, subject to completion of this Initial Public Offering (IPO), for the acquisition of the remaining 40% of ATCVN and regaining control over this entity. Since July 2021, an additional A$566,349 has been provided to ATCHK and A$70,862 to ATCVN at arm's length for working capital purposes.

- As at 30 June 2020 the Company had convertible notes with a face value of $4,557,500 outstanding. Subsequent to the end of the year, additional convertible notes with a face value of $3,377,900 were issued for working capital purposes, $50,000 convertible notes settled with cash, and $110,000 convertible notes settled via the issue of shares, to be issued on completion of an Initial Public Offering (IPO).

  A further number of convertible note holders with a face value of $3,765,000 agreed to settle their outstanding liability under revised terms at a conversion price of $0.30 (on a post-consolidation basis) with all interest accrued to be forgiven. These shares will be issued as part of the IPO process.

- The company has also successfully negotiated repayment terms with a number of creditors and statutory demands from its creditors, with settlement of $1,268,931 of Trade and Other Payables via the issue of shares subject to completing an Initial Public Offering (IPO).

16. Financial Instruments

(a) Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, and accounts receivable and payable, loan being non-derivative financial instruments.

Derivatives are not currently used by the Company for hedging purposes.

(i) Treasury Risk Management

The board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

<u>Interest rate risk</u>
The Company's exposure to market risk for changes in interest rates is minimised with all borrowings at a fixed interest rate.

A sensitivity analysis has not been completed as impact on current year results and equity is likely to be insignificant given the fixed nature of interest.

<u>Liquidity risk</u>
Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities, refer Note 7. The Company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- negotiating with creditors, payment terms;
- obtaining funding from a variety of sources;
- managing credit risk related to financial assets; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

16. Financial Instruments (continued)

The following table details the Company's expected maturity for its financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial liabilities. The Company expects to meet its obligations from the raising of capital.

30 June 2020	Weighted Average effective interest rate %	Less than 1 month $	1-12 months $	1 to 5 years $	Total $
Non-interest bearing – Trade and other payables	-	-	4,948,224	-	4,948,224
Non-interest bearing – Loans	-		100,000	-	100,000
Fixed interest rate – Convertible Notes	12.1	-	4,557,500	-	4,557,500
Fixed interest rate – Siderian Loan	17.0	-	725,717	-	725,717
		-	10,261,441	-	10,261,441

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk related to balances with banks is managed in accordance with Board approvals. The following table provides information regarding the credit risk relating to cash based on Standard & Poor's counterparty credit ratings.

	2020 $	2019 $
Cash and cash equivalents		
- AA Rated	-	(12)

Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Company holds instruments which are other than the AUD functional currency of the Company.

The Company has loans with ATCHK, ATCVN and Siderian in $US dollars. The value at year end, including interest was:

	2020 $US
- Loans to ATCHK and ATCVN	20,504,397
- Loan from Siderian	500,000

The effect of a change in exchange rate by 1% is AUD $290,351.

16. Financial Instruments (continued)

(a) Fair Value Estimation

The fair value of the financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the balance date are recorded amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Fair value hierarchy
AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Company would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Company recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

16. Financial Instruments (continued)

(c) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

2020	Weighted average effective interest rate %	Variable interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
Financial Assets					
Trade and other receivables		-	-	-	-
		-	-	-	-
Financial Liabilities - Current					
Trade and other payables		-	-	4,948,224	4,948,224
Secured Loans – Funds Adv.		-	-	100,000	100,000
Convertible notes	12.5	-	4,557,500	-	4,557,500
Siderian loan	17.0	-	725,717	-	725,717
		-	5,283,217	5,048,224	10,331,441

2019	Weighted Average effective interest rate %	Variable interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
Financial Assets					
Trade and other receivables		1,874	-	-	1,874
		1,874	-	-	1,874
Financial Liabilities - Current					
Bank Overdraft		-	-	12	12
Trade and other payables		-	-	4,487,420	4,487,420
Secured Loans – Funds Adv.		-	-	300,000	300,000
Convertible notes	12.0	-	4,130,000	-	4,130,000
Promissory Notes	5.0	-	400,000	-	400,000
Siderian loan	17.0	-	3,438,707	-	3,438,707
		-	7,968,707	4,787,432	12,756,139

The carrying amount of all financial assets and financial liabilities approximate their fair values.

17. Share-based payments

There were no share-based payments made during the financial year 2020 (2019: Nil).

18. Related party transactions

Details of transactions between the Company and other related parties are disclosed below:

Trading transactions

During the year, the Company entered into the following trading transactions with related parties. The balances outstanding at year end relating to trading transactions are including GST where applicable:

(i) Ochre Group Holdings Limited (OGH), an entity associated with Saxon Ball, was entitled to $nil (2019: $164,000) in relation to corporate advisory services provided to the Company. As at balance date the Company owed $1,007,579 (2019: $862,827) to OGH. At the date of signing this report, the amount confirmed to be owing to Ochre Holdings Limited is $494,816. Refer Note 6 for further comment on this outstanding liability.

(ii) Enrizen Accounting Pty Ltd (EA), an entity associated with former Director Trent Franklin, was entitled to $11,175 (2019: $96,000) in relation to company secretarial and accounting services provided to the Company. As at balance date the Company owed $279,358 (2019: $302,967) to EA.

(iii) Enable Finance Pty Ltd, (EF) an entity associated with former Director Trent Franklin, was entitled to $nil (2019: $7,428) in relation to financing services to the Company for insurance. As at balance date the Company owed $1,646 (2019: $46,964) to EF.

(iv) Enrizen Lawyers Pty Ltd, (EL) an entity associated with former Director Trent Franklin, was entitled to $1,250 (2019: $63,305) in relation to legal services provided to the Company. As at balance date the Company owed $45,865 (2019: $159,490) to EL.

(v) Enrizen Capital Pty Ltd, (EC) an entity associated with former Director Trent Franklin, was entitled to $nil (2019: $250,000) in relation to Corporate services provided to the Company. As at balance date the Company owed $nil (2019: $275,000) to EC.

(vi) Ausnom Pty Ltd (Ausnom), an entity associated with John Chegwidden, received $47,000 (2019: $47,000) in relation to director services, consulting, company secretarial and accounting services provided to the Company. As at balance date the Company owed $103,400 (2019: $51,700) to Ausnom.

(vii) Sienton Pty Ltd (Sienton), an entity associated with Saxon Ball, received $nil (2019: $36,000) in relation to director services provided to the Company. As at balance date the Company owed $39,600 (2019: $39,600) to Sienton.

(viii) Tewal Pty Ltd (Tewal), an entity associated with Imants Kins, received $72,000 (2019: $72,000) in relation to Chairman and director services provided to the Company. As at balance date the Company owed $158,400 (2019: $79,200) to Tewal.

18. Related party transactions (continued)

Loan to related party

The Company has provided Loan funds to Asia Tungsten Products Co. Limited and its subsidiary Asia Tungsten Products Vietnam Limited. The Company has fully impaired these loans.

19. Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is summarised below:

Compensation Type	2020 $	2019 $
Short-term benefits	119,000	755,305
Post-employment benefits	-	-
Total	119,000	755,305

20. Controlled Entities

Tungsten Metals Group Ltd controls the following percentages in its subsidiaries.

Name of Subsidiary	Country of Incorporation	Percentage Owned (%) 2020	2019
BigHill Resources Limited	Australia	0%*	100%

Refer to note 11 where the Company discloses the loss of control of two entities. They were Asia Tungsten Co., Limited based in Hong Kong, and Asia Tungsten Products Vietnam Limited in Vietnam, all owned at 60%.

* BigHill Resources Limited was deregistered by ASIC on 31 May 2020.

21. Segment Information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The principal activity of the Company has been involvement in the production of ferrotungsten in Vietnam through an incorporated Joint Venture. As advised during the previous financial year the Company made the decision to suspend production runs conducted by the Joint Venture. This arose from a dispute over the management of the plant and operation of the Joint Venture.

A review of the activities has required the directors to assess whether they had control of ATCHK and/or ATCVN for accounting purposes during this half year. After careful analysis it was deemed that for accounting purposes, the Company still cannot demonstrate control of either ATCHK or ATCVN for this half financial year. Therefore, a decision was made to continue to report on a deconsolidated method for those two entities. The Company still holds 60%, the net fair value of those entities, but on deconsolidation recognised this holding as having nil value at balance date and on the date of signing this annual report.

As a result the financial statements represent the corporate activities within Australia only.

Directors' Declaration

In accordance with a resolution of the directors of Tungsten Metals Group Ltd, the directors of the company declare that:

1) the financial statements and notes, as set out on pages 11 to 38, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company; and

2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Tony Adcock
Chairman
31 May 2023

CRITERION AUDIT

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Tungsten Metals Group Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 31st day of May 2023

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

Independent Auditor's Report

To the Members of Tungsten Metals Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Tungsten Metals Group Limited ("the Company"), which comprises the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion above, we draw attention to Note 1.2 to the annual report, which indicates that the Company incurred a net profit of $2,422,824 and as of that date, the Company had a net working capital deficiency of $10,331,441 and net operating cash outflows of $nil. These conditions, along with other matters as set forth in Note 1.2, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Criterion Audit

CRITERION AUDIT PTY LTD

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CHRIS WATTS **CA**
Director

DATED at PERTH this 31st day of May 2023