



TOPTUNG LIMITED
ABN 12 118 788 846

HALF-YEAR REPORT - 31 DECEMBER 2017

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by TopTung Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

TOPTUNG LIMITED (ABN 12 118 788 846)

CORPORATE DIRECTORY

Directors

Leon Pretorius Executive Chairman
Dennis Lovell Non-Executive Director
Martin Kavanagh Non-Executive Director

Company Secretary

Suzanne Yeates

Principal Registered Office

Level 8, 46 Edward Street
Brisbane QLD 4000

Share Registry

Link Market Services Limited
Level 21, 10 Eagle Street
Brisbane QLD 4000
www.linkmarketservices.com.au

Auditors

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000
www.bdo.com.au

Bankers

National Australia Bank

Stock Exchange Listing

Australian Securities Exchange Ltd ("ASX")
ASX code: TTW

Website

www.toptung.com.au

TOPTUNG LIMITED (ABN 12 118 788 846)

DIRECTORS' REPORT

TopTung Limited (the **Company** or **TopTung**) is an Australian company listed on the Australian Securities Exchange Limited (ASX) with code TTW. The Company has two wholly owned subsidiaries, Torrington Minerals Pty Ltd and TopFibre Pty Ltd which collectively forms a consolidated group (**consolidated entity** or **Group**).

The Directors present their report together with the financial statements of the Company and Group for the half-year ended 31 December 2017 and the auditor's review report thereon.

Directors

The following persons were directors of TopTung Limited during the whole of the half-year and up to the date of this report.

Leon Pretorius	Executive Chairman
Dennis Lovell	Non-Executive Director
Martin Kavanagh	Non-Executive Director

Principal Activities

The principal activities of the Group during the half-year were:

- (a) the carrying out of mineral exploration activities on its mineral exploration tenements;
and
- (b) assessing other business development and research opportunities associated with the minerals industry.

There were no significant changes in the principal activities during the half-year.

Review of Operations

Capital Structure and Finances

At the end of December 2017, the Company had 153,247,653 fully paid ordinary shares (ASX: TTW) on issue.

The Company held cash reserves (including cash on deposit) of \$3,950,220 at 31 December 2017.

The net operating loss after income tax for the half-year was \$296,891 (2016: \$157,301 loss).

Torrington Project Update

Highlights

- Completed a 400-hole Torrington Project drilling programme on 13 August 2017 and commenced data compilation for JORC resource estimation;
- H&S Consultants Pty Ltd (Brisbane) has been appointed to undertake the resource estimates based on this drilling for both tungsten and for the volume of silicite to allow for the calculation of contained topaz. It is expected that the resource estimation will be completed during the first quarter 2018;
- Completed and lodged an application for a Mining Lease. Commenced EIS and other related statutory studies. RW Corkery appointed to coordinate these studies and compile the reports;

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DIRECTORS' REPORT

- Two additional prospective silicite areas have been outlined and review of environmental factors (REF) studies undertaken simultaneously with the EIS studies. Both will be subjected to limited drilling once approvals are received to test new prospecting methods for high-grade tungsten mineralisation based on what has been learnt from the 2017 drilling programme.
- Notice of approval received by the UNSW from the Australian Research Council (ARC) for funding of the 3-year topaz fibre research project with TopTung's wholly-owned subsidiary TopFibre (Pty) Limited as the industry partner;
- Commenced proof of concept metallurgical research to finalise the tungsten and topaz recovery process flowsheet;
- Commenced research into removal of quartz from the topaz concentrate for compliance in commercial abrasive applications;
- Research initiated into uses for the thick kaolinitic clay that in part overlies the Wild Kate silicite.

TopTung holds only the two contiguous ELs in northern NSW that constitute the Torrington Tungsten and Topaz Project.

The Company purchased the Torrington project in 2015 based on its stated tungsten resources and to progress those to development after completion of an intensive drilling campaign to increase and upgrade those resources. For this reason the Company became recognised as a one project single commodity company, but it is important to appreciate it has become focused on the potential of both commodities, namely tungsten and topaz which occur within the Torrington silicite host rock.

Results from the 400 exploration and resource drill holes completed in 2017 to outline and determine both the tungsten and silicite potential are being compiled by H&S Consultants Pty Ltd (HS&C) who were appointed to undertake the resource estimates. This is expected to be completed during the first quarter 2018.

Subsequent to 31 December 2017, to keep the market informed the Company made a preliminary announcement on 6 February 2018 after a meeting held with H&SC on 31 January 2018 to view their preliminary resource modelling. Following that meeting and subsequent discussions it became evident that while the silicite host rock to the tungsten mineralisation at the Wild Kate Prospect appears to be a continuous semi-flat lying sheet or sill as previously modelled, the tungsten mineralisation is not evenly distributed throughout the silicite body. The detailed drilling has confirmed the lack of grade continuity for the tungsten mineralisation which is likely to cause a reduction in the size of the resource estimate.

Although this was not the expected outcome, it is also important to note that the host rock to the tungsten mineralisation is silicite which contains ~80% silica and ~20% topaz. A processing and gravity tungsten recovery plant at Torrington will recover both tungsten and topaz concentrates.

The Company is concentrating its effort to ensure recovery of both commodities is optimised during its ongoing metallurgical studies given how important this will now be to the project's economics.

The Company has long recognised the potential value of the topaz at Torrington. It is busy with research at the UNSW into high-value products that can be manufactured from it as the industry partner in an ARC funded three year project. The potential bulk markets for topaz as an abrasive and industrial alumina silicate feedstock are also being investigated. Topaz contains about 20% fluorine and the Company is studying its potential as a feedstock into markets where shortages of the traditional fluorspar source rocks is being experienced.

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DIRECTORS' REPORT

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Subsequent events occurring after balance sheet date

No other matters or circumstances has arisen since 31 December 2017 that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of Directors.



Leon Pretorius
Executive Chairman

Brisbane
15 March 2018

TOPTUNG LIMITED (ABN 12 118 788 846)
AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY A J WHYTE TO DIRECTORS OF TOPTUNG LIMITED

As lead auditor of TopTung Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of TopTung Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to be 'A J Whyte', written over a circular scribble.

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 15 March 2018

TOPTUNG LIMITED (ABN 12 118 788 846)

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

	Half-year December 2017	Half-year December 2016
Notes	\$	\$
Revenue	41,260	62,644
 Expenses		
Depreciation and amortisation expense	(6,732)	(8,272)
Employee benefits expense	(113,494)	(118,179)
Research and development expensed	(126,006)	-
Administration expenses	(91,919)	(93,494)
Loss before income tax	(296,891)	(157,301)
Income tax (expense)/credit	-	-
Loss after income tax	(296,891)	(157,301)
Other Comprehensive Income (net of tax)	-	-
Total Comprehensive Income (Loss)	(296,891)	(157,301)
	cents	cents
Basic earnings/(loss) per share	(0.19)	(0.14)
Diluted earnings/(loss) per share	(0.19)	(0.14)

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

TOPTUNG LIMITED (ABN 12 118 788 846)

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

		31 Dec 2017	30 June 2017
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		167,213	927,289
Short term investments		3,783,007	3,738,135
Trade and other receivables		47,787	50,224
Total current assets		3,998,007	4,715,648
Non-current assets			
Property, plant and equipment		64,926	71,658
Exploration and evaluation assets	6	2,541,080	2,140,615
Trade and other receivables		31,100	31,100
Total non-current assets		2,637,106	2,243,373
Total assets		6,635,113	6,959,021
LIABILITIES			
Current liabilities			
Trade and other payables		85,850	112,867
Total current liabilities		85,850	112,867
Total liabilities		85,850	112,867
Net assets		6,549,263	6,846,154
EQUITY			
Contributed equity	5	9,203,969	9,203,969
Reserves		684,801	684,801
Accumulated losses		(3,339,507)	(3,042,616)
Total equity		6,549,263	6,846,154

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

TOPTUNG LIMITED (ABN 12 118 788 846)

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

	Half-year December 2017	Half-year December 2016
Cash flows from operating activities	\$	\$
Receipts from customers (GST inclusive)	43,196	19,519
Payments to suppliers and employees (GST inclusive)	(373,385)	(248,074)
Interest received	46,988	66,063
Net cash inflow/(outflow) from operating activities	(283,201)	(162,492)
Cash flows from investing activities		
Payments for exploration and evaluation	(432,003)	(151,643)
Receipt of (Payment for) security deposits	-	(10,000)
Net cash inflow/(outflow) from investing activities	(432,003)	(161,643)
Net increase (decrease) in cash and cash equivalents	(715,204)	(324,135)
Cash and cash equivalents at beginning of period	4,665,424	4,558,258
Cash and cash equivalents at end of period	3,950,220*	4,234,123

* Includes cash and cash equivalents and short-term investments

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

TOPTUNG LIMITED (ABN 12 118 788 846)

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

	Contributed Equity	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance at 30 June 2016	7,886,923	(2,685,701)	684,801	5,886,023
Loss after income tax	-	(157,301)	-	(157,301)
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive loss	-	(157,301)	-	(157,301)
Transactions with owners in their capacity as owners	-	-	-	-
Balance at 31 December 2016	7,886,923	(2,843,002)	684,801	5,728,722
Balance at 30 June 2017	9,203,969	(3,042,616)	684,801	6,846,154
Loss after income tax	-	(296,891)	-	(296,891)
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive loss	-	(296,891)	-	(296,891)
Transactions with owners in their capacity as owners	-	-	-	-
Balance at 31 December 2017	9,203,969	(3,339,507)	684,801	6,549,263

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

TOPTUNG LIMITED (ABN 12 118 788 846)

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

Note 1 CORPORATE INFORMATION

TopTung Limited (the **Company**) is a company limited by shares, incorporated and domiciled in Australia. The Company's shares are listed on the Australian Securities Exchange.

The address of the registered office and principal place of business is set out in the Corporate Directory at the front of this report.

The financial statements are for the Group consisting of TopTung Limited and its subsidiaries (the **consolidated entity** or the **Group**).

There have been no significant changes in the nature of the principal activities of the Group during the half-year.

Note 2 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2017 has been prepared in accordance with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

This interim report does not include all the notes of the type normally included in an annual financial report and, therefore, cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investment activities of the group as the full financial report. Accordingly, this interim financial report is to be used in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, unless otherwise stated.

The financial report has been prepared on a going concern basis.

The fair values of financial assets and financial liabilities approximate their carrying values due to their short term nature.

The half-year financial report of TopTung Limited for the six months ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 15 March 2018, as required by the Corporations Act 2001.

TOPTUNG LIMITED (ABN 12 118 788 846)

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

Note 3 CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group intend to commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4 SEGMENT INFORMATION

The Group 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 Group is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board, which is at the Group level. The Group does not have any products/services where it derives revenue.

Management currently identifies the Group as having only one operating segment, being exploration. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

Note 5 CONTRIBUTED EQUITY

	31 December 2017		30 June 2017	
	Shares	\$	Shares	\$
Share capital				
<i>Ordinary shares</i>				
Fully paid	153,247,653	9,203,969	153,247,653	9,203,969

TOPTUNG LIMITED (ABN 12 118 788 846)

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

Note 6 EXPLORATION & EVALUATION ASSETS

	31 Dec 2017	30 June 2017
	\$	\$
Carrying amount in respect of areas of interest in exploration and evaluation phase at beginning of reporting period	2,140,615	1,239,881
R&D refund received	-	(47,603)
Exploration and evaluation expenditure on tenements	<u>400,465</u>	<u>948,337</u>
Carrying amount in respect of areas of interest in exploration and evaluation phase at end of reporting period	<u>2,541,080</u>	<u>2,140,615</u>

Recovery of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Note 7 CONTINGENT ASSETS AND LIABILITIES

There have been no changes in contingent liabilities or contingent assets since the last annual reporting date, 30 June 2017.

Note 8 COMMITMENTS

The Group has secured funding from the Australian Research Council (ARC) to partially fund the Company's Topaz research project in collaboration with the University of New South Wales.

Under the ARC Linkage agreement the Group is committed to contribute \$195,000 in cash and \$290,000 in-kind towards a Topaz research project. The in-kind contribution is Dr Leon Pretorius' time and supply of raw material (topaz concentrate). To 31 December 2017, the Group has contributed \$72,000 of cash and in-kind contributions.

Note 9 EVENTS SUBSEQUENT TO REPORTING DATE

No other matter or circumstance has arisen since the end of the half-year, that has significantly affected, or may affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

TOPTUNG LIMITED (ABN 12 118 788 846)
DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Leon Pretorius
Executive Chairman

Brisbane
15 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of TopTung Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of TopTung Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001 including:

- 1) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- 2) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial 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 Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards

and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd



Anthony Whyte

Director

Brisbane, 15 March 2018