



**COUGAR METALS NL  
AND CONTROLLED ENTITIES**

**ABN 27 100 684 053**

**ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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**Directors**

Randal Swick

David Symons

Brian Thomas (appointed on 8 June 2017)

**Company Secretary**

Brett Tucker

**Registered Office**

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**Auditors**

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**Home Securities Exchange**

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## **DIRECTORS' REPORT (CONTINUED)**

Your Directors present their report on Cougar Metals NL (the "Company") and its controlled entities (together referred to as the "Group") for the financial year ended 30 June 2017.

### **DIRECTORS**

The names of the Directors of the Company in office and at any time during, or since the end of the financial year are:

Randal Swick	Chairman and Managing Director
David Symons	Non-Executive Director
Brian Thomas	Non-Executive Director (appointed on 8 June 2017)
Michael Fry	Executive Director (resigned on 8 June 2017)

Directors have been in office since the start of the financial year and up to the date of this report unless otherwise stated.

### **COMPANY SECRETARY**

Brett Tucker was appointed Company Secretary on 14 June 2017. Mr Tucker holds a Bachelor of Commerce, Accounting and Finance degree from the University of Western Australia and a Graduate Diploma of Chartered Accounting from the Institute of Chartered Accountants in Australia.

Michael Fry was previously appointed as Company Secretary on 5 August 2011. Mr Fry resigned as Company Secretary on 14 June 2017.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company during the course of the financial year were:

- ii) preliminary geological assessment of the Ceara Lithium Project, Brazil;
- iii) preliminary geological assessment of the Toamasina Saprolitic Graphite Project, Madagascar;
- iv) continued geological assessment of exploration related interests in the Shoal Lake Region of Ontario, Canada; and
- v) the provision of mineral drilling services to exploration and mining companies in Brazil.

### **OPERATING RESULTS**

The Statement of Profit or Loss and Other Comprehensive Income shows a net loss from ordinary activities after tax attributable to the members of the Group for the year ended 30 June 2017 of \$1,446,829 (2016 net loss: \$1,584,780).

The net asset deficiency of the Consolidated Entity as at 30 June 2017 was \$4,107,621 (2016: \$(3,509,798)).

### **DIVIDENDS PAID OR RECOMMENDED**

The Directors recommend that no dividend be paid for the year ended 30 June 2017.

No amounts been paid or declared by way of dividend since the end of the previous financial year.

### **REVIEW OF OPERATIONS**

#### **Toamasina High Quality Graphite Project (Madagascar)**

##### Overview

In November 2016, Cougar executed a Letter of Intent to acquire 100% of the Toamasina Saprolitic Graphite Project in Madagascar comprising a single tenement covering approximately 43 km<sup>2</sup> in a district with a history of high quality graphite production. Preliminary geological assessment of the project areas was undertaken during the year and preparations made for field-work.

Cougar's directors were attracted to the Toamasina Graphite Project on account of its following merits:

- Excellent location being 50km by national highway to Madagascar's main port facilities in Toamasina providing low transportation costs
- The weathered nature of the mineralisation which could result in low mining and processing costs due to the absence of drilling, blasting, crushing and grinding.
- The high percentage (circa 60%) of sought after large flake graphite
- The high quality of graphite present in the flake material (circa 98%)

## **DIRECTORS' REPORT (CONTINUED)**

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- The potential of the project to economically sustain a staged development, allowing small production to commence and increase with demand from new and existing clients
- The partnering with DNI Metals Inc - an established graphite wholesaler with existing contacts within the complex graphite sales arena

In March 2017 a Definitive Agreement was executed with DNI Metals Inc over the Graphite Project as follows in order to earn a 50% interest:

- a. AUD 200,000 previously payable by 15 March 2017, was to be paid by 31 March 2017;
- b. A Preliminary economic assessment to Ni 43-101 standards is to be completed by 31 October 2017.
- c. Payment of US\$150,000 on behalf of the vendor to be paid by 12 June 2017; and
- d. At completion of the preliminary economic assessment, the parties will enter into a 50/50 joint venture with no option for either to buy out.
- e. DNI Metals Inc is to use its best efforts to secure third party sales and offtake agreements for the Joint Venture's graphite products and prioritise the sale and promotion of the Joint Venture's graphite products over alternative sources where possible.

All payments due to DNI Metals were made in accordance with the terms of the Definitive Agreement.

Drilling commenced at the Graphite project on 26 April 2017 and assay results from drilling were reported to the ASX on 27 July 2017 and 31 August 2017.

In July 2017 the Company received results from two metallurgical samples collected from the Toamasina Project. The flotation test work, based on a standard graphite process flowsheet developed by Independent Metallurgical Operations (IMO), demonstrated that coarse high purity graphite flakes can be produced from this standard flowsheet. The Board of Cougar view these initial results as excellent and are in line with expectations for this project.

In August 2017, an extension of time was requested by Cougar Metals and granted by DNI Metals Inc extending the due date of the Preliminary Economic Assessment to December 31, 2017, with a Resource statement due by October 31, 2017.

### **Ceara Lithium Project (Brazil)**

#### Overview

On 3 August 2016, the Company entered into a Letter of Intent with MMH Capital Ltd (MMH) to acquire an 85% interest in MMH's Ceara Lithium Project located in Ceara state, in north-eastern Brazil. The project comprises 30 applications covering approximately 51,000 hectares across two separate areas lying in excess of 150 kilometres apart, being: (i) an area covering the historical lithium mining centre at Solonopole, and (ii) an area encompassing a pegmatite swarm at Cristais.

On 30 August 2016, the Company announced that MMH had secured a further five applications at Solonopole in Brazil covering 8,276Ha and lying adjacent to its existing applications. Pursuant to the Letter of Intent entered into on 3 August 2016, these new applications are captured under and become part of MMH's Ceara Lithium Project.

On 19 September 2016, the Company announced that the initial 30 applications covering approximately 51,000 hectares at the Ceara Lithium Project had been granted. Preliminary geological assessment of the project areas was undertaken during the year and preparations made for field-work.

Cougar's exploration geologist has been based in Solonopole since mid-May 2017 conducting mapping, sampling and general reconnaissance activities to systematically assess the large tenement package.

Cougar has identified 10 prospects with mineralised pegmatites to date and are the current priority for exploration efforts. Soil sampling programs consisting of a 50x50m grid has been undertaken across the 10 priority prospects to assist in defining the strike extents. A total of 61 grab samples have been collected to date, and an additional 242 soil samples taken over the 10 priority prospects. All samples have been submitted for analysis with SGS laboratories in Belo Horizonte, Brazil with results expected within the next 2 weeks.

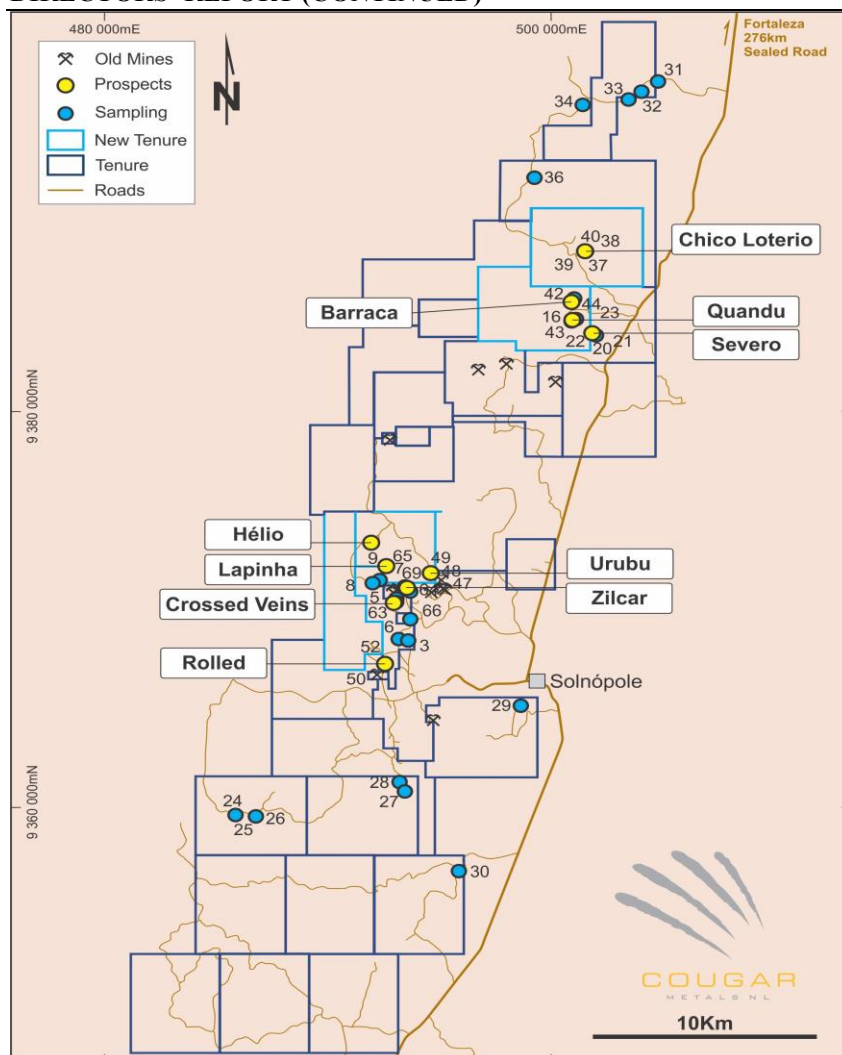


Figure 1: Tenement map of Brazil lithium project showing areas of initial focus with 10 priority areas

### Shoal Lake Gold Project (Canada)

#### Overview

Work remained suspended on the Shoal Lake East Gold Project throughout the 2017 financial year.

In January 2016, the results of the arbitration initiated by Cougar's wholly owned Canadian subsidiary, Tycoon Gold Resources Inc. (Tycoon), in relation to the Shoal Lake East Gold Project were handed down with Tycoon succeeding on all major matters raised in the arbitration proceedings. The arbitrator awarded Tycoon costs totalling CDN\$297,165.44 on an indemnity basis.

The Option Agreement remains in force pending compliance of the orders of the arbitration.

#### History and Background

Discovery of gold in the Shoal Lake area in the 1880's led to the development of several mines and the identification of a number of significant gold occurrences.

Mining of gold in the Shoal Lake area commenced in 1893 and continued intermittently until 1936. During this period the region was considered Ontario's premier gold district.

The Shoal Lake East Gold Project is situated on Shoal Lake, 15 kilometres south of the trans-Canada Highway between the Cities of Kenora and Winnipeg; and is easily accessible through out the year.

#### Exploration Focus

There is considerable historical data in existence for Shoal Lake East Gold Project consisting of drill data, mining plans and exploration reports. Work performed to date has focussed on collating and reviewing all of the available data.

## **DIRECTORS' REPORT (CONTINUED)**

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### Work Undertaken

#### *Shoal Lake East Gold Project*

During the 2017 financial year, the Group progressed with the arbitration it had initiated in response to various concerns relating to the conduct of KPM, and alleged breaches of certain representations and warranties made by KPM under the option agreement.

As a consequence of the arbitration, work was suspended and remains suspended for the current year.

#### **Pyke Hill Project (Western Australia)**

Cougar Metals NL holds the nickel and cobalt laterite rights to the Pyke Hill project situated on tenement M39/159 east of Leonora, Western Australia. Previous exploration drilling conducted by Cougar Metals NL at the Pyke Hill Project delineated a measured and indicated resource, using a 0.5% nickel cut-off grade, of 14.7M tonnes at 0.90% Ni and 0.06% Co, which contains 131,000 tonnes of nickel and 8,800 tonnes of cobalt.

The Company continues to investigate all possibilities to advance the Project including seeking a sale or third parties who may have an interest in participating in the Project.

#### **Contract Drilling Business**

##### Overview

Cougar, through its wholly owned drilling services subsidiary company, GeoLogica Sondagens Ltda (“**Geologica**”) provides contract drilling services in Brazil. Geologica provides rotary air blast (“RAB”), reverse circulation (“RC”) and diamond drilling (“DD”) services to the mining and resources industries.

##### Activities for FY17

Revenue from the provision of contract drilling services decreased during the year. GeoLogica’s principal client significantly reduced its exploration activities in 2017 resulting in significantly reduced revenues and activity. The Brazilian drilling market remains depressed through 2017 resulting in very low utilisation of the drilling fleet

The unfavourable economic conditions within Brazil and the absence of an exploration recovery, as experienced in Australia and Africa, resulted in the Company deciding cease contract drilling operations, allowing the Company to focus on developing its mineral exploration portfolio.

The Company is currently exploring its options to divest its drilling business and as such has been presented as a discontinued operation in the financial report.

#### **AFTER BALANCE DATE EVENTS**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years except as stated below.

On 31 July 2017, the shareholders approved the issue of shares up to 25,714,286 fully paid ordinary shares to former Director, Michael Fry as full and final satisfaction of all amounts owing by the Company to him on account of unpaid director and professional service fees as at 29 June 2017 amounting to \$180,000. On 10 August 2017, 21,806,071 fully paid ordinary shares were issued to Michael at a deemed issue price of \$0.0082 per share based on the market value of the shares as of that date.

On 31 July 2017, the shareholders approved the issue shares up to 4,523,857 fully paid ordinary shares to David Symons as full and final satisfaction of all amounts owing by the Company to him on account of unpaid director fees as at 31 March 2017 amounting to \$31,667. On 9 September 2017, 3,333,368 fully paid ordinary shares were issued to David Symons at a deemed issue price of \$0.0095 per share based on the market value of the shares as of that date.

## **DIRECTORS' REPORT (CONTINUED)**

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On 31 July 2017, the shareholders approved the issue of 30,000,000 Placement Options to GTT Ventures Pty Ltd by virtue of a placement mandate agreement entered into with the Company. The options were issued on 10 August 2017. The terms of the Placement Options are as follows:

- a. Class A Placement Options - 20,000,000 unlisted options exercisable at \$0.015 on or before 31 July 2018
- b. Class B Placement Options - 10,000,000 unlisted options exercisable at \$0.017 on or before 30 June 2019

On 15 September 2017 the Company secured firm commitments to raise \$800,000 (before costs) comprising a placement of 61,538,462 shares at an issue price of \$0.013 per share to sophisticated and professional investors. The Company issued these placement shares on 20 September 2017.

Funds raised are to be applied to ongoing work programmes at the Company's Ceará Lithium Project in Ceará State, Brazil and drilling at the Toamasina Saprolitic Graphite Project in Madagascar. This placement was managed by GTT Ventures Pty Ltd.

### **FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The focus of the Group in the immediate future is to:-

- undertake exploration at the newly acquired Ceara Lithium Project following the grant of permits, expected to include geophysics, mapping, sampling, geochemistry, trenching, and drilling;
- Continue and conclude the farm in to 50% of the Toamasina Saprolitic Graphite Project in Madagascar
- pursue the disposal of GeoLogica Sondagens;
- re-establish the full utilisation of its drill rigs in its Brazilian drilling business;
- progress opportunities with parties to sell, partner, or joint venture the Group's interests in its Pyke Hill Project in Australia; and
- to advance and progress its interest in the Shoal Lake Gold Project in Canada.

### **ENVIRONMENTAL ISSUES**

The Group has a policy of at least complying with its environmental performance obligations. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

### **INFORMATION ON DIRECTORS**

<b>Randal Swick</b>	Chairman and Managing Director
Qualifications	B.Eng. (Mech)
Experience	Randal Swick is a mechanical engineer with in excess of 25 years' experience in the metals and mining industry with a strong focus on gold and nickel exploration. Randal Swick brings considerable knowledge gained from experience as a drilling contractor and from his involvement in the management of several private companies involved in exploration and mining throughout Western Australia in both the surface and underground environments.
Special Responsibilities	Randal Swick is responsible for Cougar's wholly owned drilling businesses and spends the majority of his time in South America ensuring the continued growth of this business.
Interest in Shares and Options	276,000,000 ordinary fully paid shares
Directorships held in other listed entities within past three years	Randal Swick has not been a Director of any other listed entities in the past three years.



## DIRECTORS' REPORT (CONTINUED)

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<b>David Symons</b>	Non-Executive Director
Qualifications	B.Sc (Extractive Metallurgy)
Experience	David Symons has worked in the mining industry, both in Australia and overseas, for approximately 30 years. Since 1998, Mr Symons has been the Managing Director of Independent Metallurgical Operations Pty Ltd, a leading metallurgical services company in Australia. In this capacity, Mr Symons has undertaken operations management, project work and consulting to clients across a range of commodities.
Interest in Shares and Options	3,387,433 fully paid ordinary shares.
Directorships held in other listed entities within past three years	Nil.
<b>Brian Thomas</b>	Non - Executive Director (appointed on 8 June 2017)
Qualifications	B.Sc (Geology and Economic Geology)
Experience	Mr Thomas has worked in the resources and mining sector for more than 30 years and brings strong commercial and corporate expertise to the Board of Cougar Metal. Mr. Thomas has held both Executive and Non-Executive roles with numerous other ASX listed and unlisted companies after an extensive career in the financial services sector working in corporate stockbroking, investment banking, funds management and banking. Mr. Thomas has an MBA, a member of the Securities Institute of Australia with a Certificate in Applied Finance and Investment.
Interest in Shares and Options	Nil
Directorships held in other listed entities within past three years	Mr. Thomas is currently a Non-Executive Director of ASX listed companies' Orinoco Gold Ltd and Tempo Australia Limited.
<b>Michael Fry</b>	Executive Director (resigned on 8 June 2017)
Qualifications	B.Com
Experience	Mr Fry is an experienced company manager across a broad range of industry sectors. Mr Fry has a strong background in accounting and corporate advice. From 2006 to 2011, Mr Fry was the Chief Financial Officer and Finance Director at Swick Mining Limited, a publicly listed drilling services provider. Since 2011 Mr Fry has been Chief Financial Officer and Company Secretary of Cougar Metals NL, a publicly listed gold exploration and drilling company operating in Brazil, and a non-executive director of VDM Group Ltd, a listed public company involved in mining, construction and procurement. In addition, since February 2015, Mr Fry has been Finance Manager and Company Secretary of Globe Metals & Mining Limited, a listed public company involved in mineral exploration in Africa.
Interest in Shares and Options	1,462,000 ordinary shares (Final Director's Interest Notice as at 8 June 2017)
Directorships held in other listed entities within past three years	VDM Group Ltd – 1 June 2011 to current

**REMUNERATION REPORT - AUDITED**

This remuneration report for the year ended 30 June 2017 outlines the remuneration of the Group in accordance with the requirements of Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by Section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent.

For the purposes of this report, the term “executive” includes the Managing Director (MD), executive directors (where applicable) and senior executives of the Group.

**Remuneration Governance**

The Board of Directors established a Remuneration Committee for the purpose of reviewing and making recommendations with respect to the remuneration practices of the Company.

The Committee comprises Mr David Symons (Chair), Mr Randal Swick and Mr Brian Thomas.

The Board of Directors prepared and approved a charter as the basis on which the committee will be constituted and operated. The role of the Remuneration Committee is to provide an independent mechanism for the determination, implementation and assessment of the remuneration practices of the Company, including remuneration packages and incentive schemes for executive Directors and senior management, and fees payable to Non-Executive Directors.

The Committee’s objective is to ensure that remuneration policies and structures are fair and competitive, and aligned with the long term interests of the Group.

From time to time, the Committee may seek external remuneration advice. Where this is the case, remuneration consultants are engaged by, and report directly to, the Committee. In selecting remuneration consultants, the Committee considers potential conflicts of interest and requires independence from the Group’s KMP as part of the terms of engagement.

The Corporate Governance Statement provides further information on the role of the Remuneration Committee.

**REMUNERATION REPORT – AUDITED (continued)**

**Remuneration Policy**

The remuneration policy of Cougar Metals NL and its Controlled Entities has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on share price performance. The Board believes that remuneration policy is appropriate and effective in its ability to attract, retain and motivate suitably qualified and experienced Directors and executives to run and manage the economic entity, as well as create goal congruence between the Directors and executives and the Company's shareholders.

Specifically, the remuneration policy has been put in place to ensure that:

- 1) Remuneration policies and systems support the Company's wider objectives and strategies;
- 2) Directors' and senior executives remuneration is aligned to the long-term interests of shareholders within an appropriate control framework;
- 3) Directors' and senior executives remuneration reflect the persons' duties and responsibilities;
- 4) Directors' and senior executives remuneration is comparative in attracting, retaining and motivating suitably qualified and experienced people; and
- 5) There is a clear relationship between performance and remuneration.

**Remuneration Structure**

In accordance with best practice corporate governance, the structure of Non-Executive Director, executive Director and senior executive management remuneration is separate.

**Voting and Comments Made at the 2016 Annual General Meeting**

The Company received 93% of yes votes on its remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the annual general meeting on its remuneration practices.

***Non-Executive Director Remuneration***

Objective

The Board seeks to set remuneration at a level which provides the Company with the ability to attract and retain suitably qualified and experienced Directors, whilst incurring a cost which is acceptable to shareholders.

Structure

Each Non-Executive Director receives a fee for being a Director of the Company. Non-Executive Directors should be adequately remunerated for their time and effort and the risks involved. Non-Executive Directors are remunerated to recognise the responsibilities, accountabilities and associated risks of being a Director. All Non-Executive Directors' performance and remuneration is reviewed on an annual basis by the Managing Director, who in turn makes a recommendation to the Remuneration Committee. The Company has two Non-Executive Directors being David Symons, who receives \$20,000 per annum and Brian Thomas, who receives \$42,000 per annum. Non-Executive Directors are eligible to participate in employee share and option arrangements.

Board operating costs do not form part of Non-Executive Directors' remuneration.

***Executive Directors and Senior Executives Remuneration***

Objective

The Company aims to reward executive Directors and senior executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company.

Fixed Remuneration

The components of the executive Directors and senior executives fixed remuneration are determined individually and may include:

- 1) cash remuneration;
- 2) superannuation contributions made by the Company;
- 3) accommodation and travel benefits;
- 4) motor vehicle, parking and other benefits; and
- 5) reimbursement of entertainment, home office and telephone expenses.

The senior executives' remuneration is reviewed on an annual basis by the Managing Director, who in turn makes a recommendation to the Remuneration Committee.

**REMUNERATION REPORT – AUDITED (continued)**

In determining a remuneration package, the Remuneration Committee reviews the individual's remuneration relative to positions in comparable companies through the use of market data. Where appropriate, the package is adjusted to keep pace with market trends and ensure continued remuneration competitiveness. In conducting a comparative analysis, the Company's expected performance for the year would be considered in the context of the Company's capacity to fund remuneration budgets. From time to time, a review of the total remuneration package by an independent consultant in this field may be undertaken to provide an independent reference point.

Variable Remuneration

The executive Directors and senior executives may receive variable remuneration as follows:

- 1) short term incentives - the executive Directors and senior executives are eligible to participate in a bonus if so determined by the Board and Remuneration Committee; and
- 2) long term incentives - the executive Directors and senior executives are eligible to receive shares and options if so determined by the Board and Remuneration Committee.

**Employment Contracts with Key Management Personnel**

During the year, the Consolidated Entity has contracts with the following Key Management Personnel:

Randal Swick

The key terms of Randal Swick's current service agreement, through Corporate Management Services LLC, are as follows:

- The service arrangement continues until terminated.
- Fixed remuneration of \$218,400 per annum.
- There are no termination benefits at the completion of the contract term. However, if the Company wishes to terminate the contract, other than if Randal Swick was found guilty of any gross misconduct or a serious and persistent breach of the service agreement, the Company is required to pay to Randal Swick that amount which otherwise would have been paid under the service agreement for a period of six months, plus an additional two months (calculated on a pro rata basis) in respect of each year of service.

Michael Fry

The key terms of Michael Fry's engagement is as follows.

Period from 1 January 2016 to 8 June 2017

- Engaged pursuant to a services agreement.
- Agreement commenced on 1 January 2016 and continues until terminated. Michael Fry resigned as Non-Executive Director on 8 June 2017.
- Fixed remuneration of \$90,000 per annum.
- If the Company wishes to terminate the contract, other than if the service provider is in breach of Company policies and procedures or gross misconduct, the Company is required to provide notice of six months.
- In addition, is entitled to receive a directors' fee of \$20,000 per annum.

Subsequent to year end:

On 31 July 2017 the shareholders approved the issue of shares up to 25,714,286 fully paid ordinary shares to Michael Fry as full and final satisfaction of all amounts owing by the Company to him on account of unpaid director and professional service fees as at 29 June 2017 amounting to \$180,000. On 10 August 2017, 21,806,071 fully paid ordinary shares were issued to Michael at a deemed issue price of \$0.0082 per share based on the market value of the shares as of that date.

David Symons

The key terms of David Symons' engagement is as follows:

- A directors' fee of \$20,000 per annum

## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION REPORT – AUDITED (continued)

#### *Subsequent to year end:*

On 31 July 2017, the shareholders approved the issue shares up to 4,523,857 fully paid ordinary shares to David Symons as full and final satisfaction of all amounts owing by the Company to him on account of unpaid director fees as at 31 March 2017 amounting to \$31,667. On 9 September 2017, 3,333,368 fully paid ordinary shares were issued to David Symons at a deemed issue price of \$0.0095 per share based on the market value of the shares as of that date.

#### Performance Summary

The tables below set out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the five years to 30 June 2017:

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
	\$	\$	\$	\$	\$
Revenue*	2,354,542	2,237,091	3,886,659	4,133,656	7,170,755
Net profit/(loss) before tax*	(1,446,829)	(1,584,781)	(4,363,092)	1,466,236	(13,892,204)
Net profit/(loss) after tax	(1,446,829)	(1,584,781)	(4,363,092)	1,466,236	(13,892,204)

\*Includes discontinued operations.

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Share price at start of year	\$0.002	\$0.001	\$0.002	\$0.01	\$0.05
Share price at end of year	\$0.009	\$0.002	\$0.001	\$0.002	\$0.01
Dividend	-	-	-	-	-
Basic earnings /(loss) per share	(\$0.001)	(\$0.002)	(\$0.66)	\$0.002	(\$0.028)
Diluted earnings /(loss) per share	(\$0.001)	(\$0.002)	(\$0.66)	\$0.002	(\$0.028)

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology or other accepted methodologies.

#### Details of Remuneration for the year ended 30 June 2017

The remuneration for each Director and KMP of the Group during the year was as follows:

2017	Short Term Employee Benefits			Post-Employment Benefits Superannuation Contributions	Share Based Payments (Options)	Total	% Options as Compensation
	Salary, Fees and Commissions	Other	Non-Cash Benefits				
	\$	\$	\$	\$	\$	\$	%
<b>Key Management Personnel</b>							
Randal Swick <sup>(iii)</sup>	218,400	-	-	-	-	218,400	0%
David Symons	20,000	-	-	-	-	20,000	0%
Brian Thomas <sup>(i)</sup>	3,500	-	-	-	-	3,500	0%
Michael Fry <sup>(ii)</sup>	134,219	-	-	-	-	134,219	0%
	<b>376,119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>376,119</b>	<b>0%</b>

<sup>(i)</sup> Brian Thomas was appointed on 8 June 2017.

<sup>(ii)</sup> Michael Fry resigned on 8 June 2017.

<sup>(iii)</sup> In addition to the above Mr Swick's wife was entitled to \$75,000 for consulting services

Notes:

1. Salary includes consulting fees paid to Directors and to related parties of Directors.
2. There are no other contracts to which a Director is a party or under which a Director is entitled to a benefit other than as disclosed in this report or the financial statements.
3. All Directors are engaged through Cougar Metals NL.

**DIRECTORS' REPORT (CONTINUED)****REMUNERATION REPORT – AUDITED (continued)****Details of Remuneration for the year ended 30 June 2016**

2016	Short Term Employee Benefits			Post- Employment Benefits	Share Based Payments	Total	% Options as Compensation
	Salary, Fees and Commissions	Other	Non- Cash Benefits	Superannuation Contributions	(Options)		
	\$	\$	\$	\$	\$	\$	%
<b>Key Management Personnel</b>							
Randal Swick <sup>(iii)</sup>	218,400	15,000	-	-	-	233,400	0%
Paul Hardie <sup>(i)</sup>	2,000	-	-	-	-	2,000	0%
David Symons <sup>(ii)</sup>	16,667	-	-	-	-	16,667	0%
Michael Fry	73,589	-	-	-	-	73,589	0%
	<b>310,656</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325,656</b>	<b>0%</b>

<sup>(i)</sup>: Paul Hardie resigned on 31 August 2015

<sup>(ii)</sup>: David Symons was appointed on 31 August 2015

<sup>(iii)</sup> In addition to the above Mr Swick's wife was entitled to \$75,000 for consulting services

## Notes:

- Salary includes consulting fees paid to Directors and to related parties of Directors.
- There are no other contracts to which a Director is a party or under which a Director is entitled to a benefit other than as disclosed in this report or the financial statements.
- All Directors are engaged through Cougar Metals NL.

**Equity instrument disclosures relating to key management personnel****i) Option holdings:**

The numbers of options in the Company held during the financial year by each Director and key management person of Cougar Metals NL, including their personally related parties, are set out below:

2017	Balance at beginning of year	Granted during year as compensation	Balance on resignation	Other changes during year	Balance at end of year
Randal Swick	-	-	-	-	-
David Symons	-	-	-	-	-
Brian Thomas <sup>(i)</sup>	-	-	-	-	-
Michael Fry <sup>(ii)</sup>	-	-	-	-	-

<sup>(i)</sup>: Brian Thomas was appointed on 8 June 2017.

<sup>(ii)</sup> Michael Fry resigned on 8 June 2017.

2016	Balance at beginning of year	Granted during year as compensation	Balance on resignation	Other changes during year	Balance at end of year
Randal Swick	-	-	-	-	-
Paul Hardie <sup>(i)</sup>	-	-	-	-	-
David Symons <sup>(ii)</sup>	-	-	-	-	-
Michael Fry	-	-	-	-	-

<sup>(i)</sup>: Paul Hardie resigned on 31 August 2015

<sup>(ii)</sup>: David Symons was appointed on 31 August 2015

## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION REPORT – AUDITED (continued)

#### ii) Shareholdings

The numbers of shares in the Company held during the financial year by each Director and key management person of Cougar Metals NL, including their personally related parties, are set out below:

2017	Balance at beginning of year	Granted during year as compensation	Balance on resignation	Other changes during year	Balance at end of year
Randal Swick	276,000,000	-	-	-	276,000,000
David Symons	54,065	-	-	-	54,065
Brian Thomas <sup>(i)</sup>	-	-	-	-	-
Michael Fry <sup>(ii)</sup>	1,462,000	-	1,462,000	-	-

<sup>(i)</sup>: Brian Thomas was appointed on 8 June 2017.

<sup>(ii)</sup>: Michael Fry resigned on 8 June 2017.

2016	Balance at beginning of year	Granted during year as compensation	Balance on resignation	Other changes during year	Balance at end of year
Randal Swick	276,000,000	-	-	-	276,000,000
Paul Hardie <sup>(i)</sup>	25,000	-	25,000	-	-
David Symons <sup>(ii)</sup>	54,065	-	-	-	54,065
Michael Fry	1,462,000	-	-	-	1,462,000

<sup>(i)</sup>: Paul Hardie resigned on 31 August 2015.

<sup>(ii)</sup>: David Symons was appointed on 31 August 2015.

#### Transactions with the Company

A number of directors of the Company, or their director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The terms and conditions of the transactions with directors and their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts paid or payable during the year relating to directors and their director-related entities were:

Related entities	Transaction	2017 \$
Corporate Management Services LLC – Randal Swick	Director Fees	293,400
M&A Family Trust - Michael Fry	Salary & Directors Fees	134,219
Brian Thomas – B D Thomas & Associates	Director Fees	3,500
David Symons	Director Fees	20,000
Related entities	Transaction	2016 \$
Corporate Management Services LLC – Randal Swick	Director Fees	233,400
Hardies Lawyers – Paul Hardie	Director Fees	2,000
M&A Family Trust - Michael Fry	Salary & Directors Fees	73,589
Corporate Management Services LLC – Marcia Swick	Salary	75,000

#### *End of Remuneration Report*

## DIRECTORS' REPORT (CONTINUED)

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### MEETING OF DIRECTORS

During the financial year 6 meetings of Directors (including committees of Directors and meetings by circular resolution) were held. Attendances by each Director during the year were as follows:

Director	Board Meetings		Audit and Compliance Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Randal Swick	2	2	1	1
David Symons	2	2	1	1
Brian Thomas <sup>(i)</sup>	0	0	0	0
Michael Fry <sup>(ii)</sup>	2	2	1	1

<sup>(i)</sup>: Brian Thomas was appointed on 8 June 2017.

<sup>(ii)</sup> Michael Fry resigned on 8 June 2017.

### OPTIONS AND RIGHTS HOLDINGS

There are no options on issue at 30 June 2017. No options were vested, exercised or lapsed during the year.

### INDEMNIFYING OFFICERS OR AUDITOR

The Group has agreed to indemnify all the directors and executives officers for any costs or expenses that may be incurred in defending civil and criminal proceedings that may be brought against the officers in their capacity as officers of entities of the consolidated entity for which they may be held personally liable.

The Company has paid a premium to insure the directors and officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The Company has not entered into any agreement to indemnify Bentleys Audit & Corporate (WA) Pty Ltd against any claims by third parties arising from their report on the annual financial report.

### PROCEEDINGS ON BEHALF OF COMPANY

Other than as referred to below, no person has applied for leave of Court to bring proceedings on behalf of the Company or one of its consolidated entities or intervene in any proceedings to which the Company or one of its consolidated entities is a party for the purpose of taking responsibility on behalf of the Company or one of its consolidated entities for all or any part of those proceedings.

In 2015, Tycoon Gold Resources Inc (Tycoon) initiated arbitration proceedings against Kenora Prospectors & Miners Limited (KPM) relating to the conduct of KPM and alleged breaches of certain representations and warranties made by KPM under the option agreement. In February 2016, the results of the arbitration were handed down with Tycoon succeeding on all major matters raised in the arbitration proceedings. The arbitrator awarded Tycoon costs totalling CDN\$297,165 on an indemnity basis. The matter remains incomplete pending compliance of the arbitrator's orders.

### CORPORATE GOVERNANCE

The Board of Directors is responsible for the corporate governance of the Company and has adopted a range of corporate governance policies consistent with the second edition of "Principles of Good Corporate Governance and Recommendations" released by the ASX Corporate Governance Council in 2007, to the extent that such recommendations are consistent with the current structure and objectives of the Company.



**AUDITOR**

**Non-Audit Services**

The Company may decide to employ its auditor Bentleys Audit & Corporate (WA) Pty Ltd on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important. During the year, no non-audit services were performed by the auditor.

**Auditor's Declaration of Independence**

The auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 16.

Signed in accordance with a resolution of the Board of Directors in accordance with s298(2) of the Corporations Act 2001.



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**Randal Swick**  
**Managing Director**

Dated this 30th day of September 2017

**Bentleys Audit & Corporate  
(WA) Pty Ltd**

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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 Cougar Metals NL for the financial year ended 30 June 2017, 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



**BENTLEYS**  
**Chartered Accountants**



**DOUG BELL CA**  
**Director**

Dated at Perth this 30<sup>th</sup> day of September 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED  
30 JUNE 2017**

	Note	Consolidated 2017 \$	Consolidated 2016 \$
<b>Continuing operations</b>			
Finance revenue	2	1,591	788
Foreign exchange gain		-	6,539
		<u>1,591</u>	<u>7,327</u>
Accounting and audit expenses		(45,843)	(43,954)
Corporate expenditure and professional fees		(553,811)	(454,484)
Depreciation expense	3	(566)	(1,105)
Doubtful debts		(951)	-
Impairment of assets		(32,931)	(148,792)
Operating expenses		(31,296)	(32,442)
Finance costs	3	(16,262)	(4,600)
Office administration expenses		(12,017)	(9,954)
Foreign exchange loss		(1,129)	-
<b>Loss from continuing operations before income tax</b>		<u>(693,215)</u>	<u>(688,004)</u>
Income tax benefit	4	-	-
<b>Loss for the year after income tax from continuing operations</b>		<u>(693,215)</u>	<u>(688,004)</u>
<b>Discontinued operations</b>			
Loss for the year after income tax from discontinued operations	12	<u>(753,614)</u>	<u>(896,776)</u>
<b>Loss for the year</b>		<u>(1,446,829)</u>	<u>(1,584,780)</u>
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		<u>(226,376)</u>	6,643
Other comprehensive expense for the year		<u>(226,376)</u>	6,643
<b>Total comprehensive loss for the year</b>		<u>(1,673,205)</u>	<u>(1,578,137)</u>
<b>Loss per share from continuing operations</b>			
Basic loss per share (cents)	7	(0.10)	(0.10)
Diluted loss per share (cents)	7	(0.10)	(0.10)
<b>Loss per share from continuing and discontinued operations</b>			
Basic loss per share (cents)	7	(0.21)	(0.24)
Diluted loss per share (cents)	7	(0.21)	(0.24)

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT**  
**30 JUNE 2017**

	Note	Consolidated 2017 \$	Consolidated 2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	398,249	67,538
Trade and other receivables	9	82,548	557,143
Inventory		-	37,567
Other current assets	10	3,234	41,021
		<b>484,031</b>	703,269
Assets classified as held for sale	12	511,727	213,628
<b>Total Current Assets</b>		<b>995,758</b>	916,897
<b>Non-Current Assets</b>			
Property, plant and equipment	11	72	112,525
Exploration and evaluation expenditure	13	832,607	-
<b>Total Non-Current Assets</b>		<b>832,679</b>	112,525
<b>Total Assets</b>		<b>1,828,437</b>	1,029,422
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	1,453,184	1,756,204
Provisions	15	1,243	2,050,338
Loans and borrowings	16	221,546	669,871
		<b>1,675,973</b>	4,525,413
Liabilities directly associated with Assets classified as held for sale	12	4,260,085	62,807
<b>Total Current Liabilities</b>		<b>5,936,058</b>	4,539,220
<b>Total Liabilities</b>		<b>5,936,058</b>	4,539,220
<b>Net Liabilities</b>		<b>(4,107,621)</b>	(3,509,798)
<b>EQUITY</b>			
Issued capital	17	27,752,043	26,676,661
Foreign exchange reserve		(616,703)	(390,327)
Accumulated losses		(31,242,961)	(29,796,132)
<b>Net Deficit</b>		<b>(4,107,621)</b>	(3,509,798)

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED  
30 JUNE 2017**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Foreign Currency Translation Reserve</b>	<b>Net Deficit</b>
	\$	\$	\$	\$
<b>Consolidated</b>				
<b>Balance at 30 June 2015</b>	<b>26,676,661</b>	<b>(28,211,352)</b>	<b>(396,970)</b>	<b>(1,931,661)</b>
Loss for the year	-	(1,584,780)	-	(1,584,780)
Foreign currency translation	-	-	6,643	6,643
Total comprehensive income for the year	-	(1,584,780)	6,643	(1,578,137)
<b>Balance at 30 June 2016</b>	<b>26,676,661</b>	<b>(29,796,132)</b>	<b>(390,327)</b>	<b>(3,509,798)</b>
Loss for the year	-	(1,446,829)	-	(1,446,829)
Foreign currency translation	-	-	(226,376)	(226,376)
Total comprehensive income for the year	-	(1,446,829)	(226,376)	(1,673,205)
Equity issued during the year (net of issue costs)	1,075,382	-	-	1,075,382
<b>Balance at 30 June 2017</b>	<b>27,752,043</b>	<b>(31,242,961)</b>	<b>(616,703)</b>	<b>(4,107,621)</b>

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED  
30 JUNE 2017**

	Note	Consolidated 2017 \$	Consolidated 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		2,416,173	2,150,107
Payments to suppliers and employees		(2,866,686)	(2,740,810)
Miscellaneous income receipts		-	65,224
Income tax benefit received		179	-
Interest received		1,591	799
Interest paid		(12,415)	(783)
Net cash generated by/ (used in) operating activities	8a	(461,158)	(525,463)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(15,456)	(2,218)
Proceeds from sale of property, plant and equipment		477,006	-
Payments for exploration and evaluation		(798,536)	-
Net cash (used in) investing activities		(336,986)	(2,218)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the issue of shares		1,150,000	-
Payments for share issue costs		(82,081)	-
Proceeds from loan		1,666,820	483,260
Repayment of borrowings		(1,253,847)	(11,377)
Net cash generated by financing activities		1,480,892	471,883
Cash and cash equivalents at beginning of financial year		67,538	123,336
Net increase/(decrease) in cash and cash equivalents held		682,748	(55,798)
<b>Cash and cash equivalents at end of financial year</b>	8c	<b>750,286</b>	<b>67,538</b>

The accompanying notes form part of this financial report.

**1 Statement of Significant Accounting Policies**

**(a) Basis of Preparation**

Cougar Metals NL (the “Parent” or the “Company”) is a public company listed on the Australian Securities Exchange Limited (“ASX”) and is incorporated in Australia. The registered office of Cougar Metals NL is Ground Floor, 16 Ord Street, West Perth in Western Australia.

Cougar Metals NL and its subsidiaries (collectively referred to as the “Cougar Metals Group” or the “Group”) operate in Western Australia and throughout the geographical regions of Brazil, Uruguay and Canada. The financial report of the Company and its controlled entities for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 29 September 2017.

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The consolidated financial statements provide comparative information in respect of the previous period. Certain comparative information has been reclassified to be presented on a consistent basis with the current year’s presentation.

Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

New and amended accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period, none of which are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**(b) 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.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards (‘IFRS’).

**(c) Going Concern**

The financial report has been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity has incurred a loss for the year of \$1,446,829 (2016 loss: \$1,584,780) and net cash outflow flows from operating activities of \$461,158 (2015 outflow: \$525,463). The loss during the year is due largely to difficult trading conditions in its contract drilling services business of which a decision has been made by the Board to discontinue these operations (refer note 12). The loss from discontinued operations during the year was \$753,614.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2017**

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**(c) Going Concern (continued)**

As at 30 June 2017, the Consolidated Entity had a deficiency in net assets of \$4,107,621 (2016: deficiency \$3,509,798). As disclosed in note 12, the net liabilities of the disposal group as at 30 June 2017 were \$3,748,358 as such the net liability position of the consolidated entity excluding the proposed disposal of the drilling operations was \$1,191,942 at balance date.

These conditions indicate a material uncertainty that may cast significant doubt about the Company and the Consolidated Entity's ability to continue as going concerns.

During the year to 30 June 2017 and to the date of this report, the directors have taken the following steps to ensure the Company and the Consolidated Entity continue as going concerns:

- The Consolidated Entity has decided to wind back drilling operations in Brazil and Uruguay; and liquidate its position in order to focus on its graphite and lithium exploration projects. These projects have provided greater investor appetite providing the Company confidence with its ability to raise capital as and when required;
- The Company has raised \$1,150,000 before costs from the issue of shares during the year;
- the Company has ceased providing financial support to its wholly owned Uruguayan subsidiary Palinir S.A. (which is included in the disposal group) which has external liabilities of \$1.83 million and no financial ability to settle its obligations without financial support of the Company;
- the Company has commenced legal actions against parties owing monies to the Group;
- the Company has received a letter of financial support from Mr Randal Swick (Managing Director) and, stating that he will continue to support the company over a period of at least 12 months from the date of signing this financial report, as and when required in order for the company to continue as a going concern. In addition, Mr Swick will not call upon any loans or amounts owing to the Company within 12 months of signing the financial report unless otherwise agreed by the directors and himself. As disclosed in note 22 as at 30 June 2017 \$1,930,619 is owed to Mr Swick for outstanding fees and loans advanced to the Consolidated Entity; and
- In September 2017, the Company raised \$800,000 before costs via a placement of 61,538,462 shares at an issue price of \$0.013 per share.

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 ability of the Company and Consolidated Entity to continue as going concerns is principally dependent upon:

1. Disposal or liquidation of Cougar Brasilia Pty Ltd and its subsidiaries (refer note 12);
2. The ability of the Company to raise capital as and when required and manage cash flows in line with available funds;
3. That no significant liabilities will revert to the Company relating to Palinir S.A; and
4. The continued financial support from the Managing Director.

The Directors have reviewed the Company and Consolidated Entity's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the Company and Consolidated Entity be unable to achieve successful outcomes in relation to the matters discussed above, material uncertainty would exist as to the ability of the Company and Consolidated Entity to continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Company and Consolidated Entity be unable to continue as going concerns.



**1 Statement of Significant Accounting Policies (continued)**

**(d) Principles of Consolidation**

The consolidated financial statements are prepared by combining the financial statements of all of the entities that comprise the consolidated entity Cougar Metals NL.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

**(e) Foreign Currency Transactions and Balances**

The functional and presentation currency of the Group is Australian Dollars.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian Dollars, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rate prevailing on the date the fair values were determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations (including comparatives) are translated in to Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

**(f) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and deposits repayable on demand with a financial institution. Cash balances and overdrafts in the balance sheet are stated at gross amounts with current assets and current liabilities, unless there is legal right of offset at the bank. The cash and cash equivalents balance primarily consists of cash, on call in bank deposits, bank term deposit with three month maturity and money market investments readily convertible into cash within 2 working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount.

**1 Statement of Significant Accounting Policies (continued)**

**(g) Trade and Other receivables**

Trade receivables which generally have 30-60 days terms are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. The Group reviews the collectability of trade receivables on an ongoing basis and makes an objective judgement concerning amounts considered not collectible. The amount of the loss is recognised in the income statement within operating expenses and classified as doubtful debts. Any subsequent recovery of amounts previously written off, are recorded as other income in the income statement.

**(h) Inventory**

Drilling consumables are valued at the lower of cost and net realisable value.

**(i) Recoverable Amount of Non-Current Assets**

Non-current assets valued on the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds the recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs. Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

**(j) Impairment of Non-Financial Assets**

At each reporting date the Company conducts an internal review of asset values of its non-financial assets to determine whether there is any evidence that the assets are impaired. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are independent cash inflows (cash generating units).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

**(k) Plant and Equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes acquisition, being the fair value of the consideration provided, plus incidental costs directly attributable to the acquisition.

Subsequent costs directly related to an item of property are recognised in the carrying amount of that item of property plant and equipment only when it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are recognised in the income statement as an expense.

Depreciation is recognised in the income statement on a straight-line or diminishing value basis over the estimated useful life of each part of an item of property plant and equipment. Those items of property, plant and equipment under construction are not depreciated.

**1 Statement of Significant Accounting Policies (continued)**

**(k) Plant and Equipment (continued)**

The following useful lives are used in the calculation of depreciation for each class of property, plant and equipment:

Leasehold Improvements	5 years
Furniture and Fittings	5 – 10 years
Plant and Equipment	7 – 10 years
Drilling Rigs	7 – 10 years
Motor Vehicles	3 – 5 years
Other Drilling Equipment	5 – 10 years
Office Equipment	5 – 10 years

**(l) Leased Assets**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreements as to reflect the risks and benefits incidental to ownership. Operating lease payments are leases under which the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item are recognised as an expense on a straight-line basis.

A finance lease effectively transfers to the lessee substantially all the risks and benefits incidental to ownership of the leased item, capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognised directly in net profit.

The cost of improvements to or on leased property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

**(m) Trade and Other Payables**

Trade payables and other payables are carried at amortised cost. They represent unsecured liabilities for goods and services procured by the Cougar Metals Group prior to the financial period that remain unpaid and occur when the Group becomes obligated to make future payments. The amounts are unsecured and are usually paid within 30 days of recognition.

**(n) Employee Benefits**

Liabilities for employee related benefits comprising wages, salaries, annual leave and long service leave are categorised as present obligations resulting from employees services provided up to and including the reporting date. The liabilities are calculated at discounted amounts based on remuneration wage and salary rates the Group expects to pay as at reporting date including related on-costs, such as payroll tax and workers compensation insurance, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to report date.

Employee superannuation entitlements are charged as an expense when they are incurred and recognised as other creditors until the contribution is paid. Employee benefit expenses and revenues are recognised against profits on a net basis in their respective categories.

**1 Statement of Significant Accounting Policies (continued)**

**(o) Loans and Borrowings**

Loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost utilising the effective interest rate method. Difference occurring between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. All borrowing costs are recognised as an expense in the period in which they are incurred.

**(p) Financial Instruments**

**Debt and Equity Instruments**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Financial Assets**

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the Company financial statements.

**Loans and Receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Non-current loans and receivables are measured at amortised cost using the effective interest rate method less impairment. Interest is recognised by applying the effective interest rate. Current trade receivables are recorded at the invoiced amount and do not bear interest.

**Financial Liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**1 Statement of Significant Accounting Policies (continued)**

**(q) Revenue Recognition**

Revenue from the sale of goods and rendering of services is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and sales taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs or services and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfers of risks and rewards vary depending on the individual terms of the contract of sale and with local statute, but are generally when title and insurance risk has passed to the customer and the goods have been delivered to a contractually agreed location. Interest revenue is recognised as it accrues using the effective interest rate method.

**(r) Current and Deferred Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Temporary differences are differences between the Group's tax base of an asset or liability and its carrying amount in the statement of financial position.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible timing differences and unused tax losses only if it is probable that future taxable amounts will be sufficient to utilise those deductible timing differences and unused tax losses.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences or unused tax losses and tax credits can be deducted. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

**1 Statement of Significant Accounting Policies (continued)**

**(s) Business Combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets that relate to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Noncurrent Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

**1 Statement of Significant Accounting Policies (continued)**

**(t) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(u) Earnings per Share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as an expense; and
- Other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares;

and divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**(v) Share Based Payments**

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects: (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

**1 Statement of Significant Accounting Policies (continued)**

**(v) Share Based Payments (continued)**

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

**(w) Exploration and Evaluation**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- i) the rights to tenure of the area of interest are current; and
- ii) at least one of the following conditions is also met:
  - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - (b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

**(x) Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



**1 Statement of Significant Accounting Policies (continued)**

**(x) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)**

*Critical judgements in applying accounting policies*

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the sale of goods set out in AASB 118 'Revenue' and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. The Directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate.

**Impairment of financial assets**

Impairment is recognised when there is a reasonable doubt that trade receivables are uncollectible.

**Share based payment transactions**

The Group measures the cost of equity-settled transactions with management personnel and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model, with the assumptions detailed in the relevant notes. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

**Exploration expenditure**

The group's accounting policy for exploration and evaluation assets is set out in note 1 (w).

*Key sources of estimation uncertainty*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

As described above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of certain items of equipment should be shortened, due to developments in technology.

Taxes

The calculation of tax liabilities involves uncertainties in the application of complex tax laws. Estimates for the potential outcome of any uncertain tax position is highly judgmental. However, the Group believe that it has adequately provided for uncertain tax positions. Settlement of these uncertainties in a manner inconsistent with the Group's expectations could have impact the financial performance and position of the Group. The Group recognises a liability for uncertain tax positions when it is probable that an outflow of economic resources will occur. Measurement of the liability for uncertain tax positions is based on management's best estimate of the amount of tax benefit that will be realised upon settlement in the relevant jurisdiction.

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	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$ Restated</b>
<b>2 Revenue – continuing operations</b>		
Foreign exchange gain	-	6,539
Finance revenues	<u>1,591</u>	<u>788</u>
Total revenue	<u><u>1,591</u></u>	<u><u>7,327</u></u>
<b>3 Expenses – continuing operations</b>		
Loss before tax is arrived after charging the following expenses:		
(a) Depreciation		
Depreciation expense	<u>566</u>	<u>1,105</u>
(b) Finance costs		
Interest expense	<u>16,262</u>	<u>4,600</u>
(c) Employee benefits		
Wages and salaries	<u>18,708</u>	<u>58,063</u>
Other	<u>1,881</u>	<u>1,887</u>
	<u><u>20,589</u></u>	<u><u>59,950</u></u>

**4 Income tax benefit**

Major components of income tax expense for the years ended 30 June 2017 and 30 June 2016 are:

**a) Income tax recognised in profit and loss**

Continuing operations:

Current income tax charge	-	-
Deferred income tax	-	-
Income tax benefit on continuing operations	<u>179</u>	<u>-</u>
Income tax on discontinued operations	-	-
Income tax benefit reported in the income statement	<u><u>179</u></u>	<u><u>-</u></u>

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate is as follows:

Accounting loss before tax – continuing operations	<b>(693,215)</b>	(688,004)
Accounting loss before tax – discontinued operations	<b>(753,614)</b>	(896,776)
Accounting loss before tax for the year	<u><b>(1,446,829)</b></u>	<u>(1,584,780)</u>
Income tax benefit calculated based on rate of 30% (2016: 30%)	<b>(434,049)</b>	(475,434)
Add: Non-assessable income	-	-
Add: Tax loss not brought to account as a deferred tax asset	<b>434,049</b>	475,434
Income tax benefit recognised in profit or loss	<u><u>-</u></u>	<u><u>-</u></u>

At reporting date the consolidated entity has unused Australian tax losses of \$10,700,743 (2016: \$15,042,981) that are available for offset against future taxable profits. The ability to offset unused tax losses in the event that taxable profits are generated in the future will be dependent upon the taxation rules prevailing at that time and the consolidated entity satisfying the conditions for offset.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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**5 Directors and key management personnel compensation**

**a) Directors and key management personnel**

The following persons were Directors and key management personnel of Cougar Metals NL during the financial year:

Randal Swick	Chairman ( <i>appointed 27 November 2014</i> ) Managing Director
David Symons	Non-Executive Director ( <i>appointed 31 August 2015</i> )
Brian Thomas	Non-Executive Director ( <i>appointed 8 June 2017</i> )
Michael Fry	Director ( <i>appointed 13 October 2014, resigned on 8 June 2017</i> ), CFO and Company Secretary ( <i>appointed 5 August 2011, resigned 14 June 2017</i> )

**b) Key Management Compensation**

The aggregate compensation made to key management personnel of the group is set out below.

	<b>2017</b>	<b>2016</b>
	\$	\$
Short term employee benefits	<b>376,119</b>	325,656
Post-employment benefits	-	-
	<b>376,119</b>	<b>325,656</b>

**c) Transactions with the Company**

A number of directors of the Company, or their director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The terms and conditions of the transactions with directors and their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts paid during the year relating to directors and their director-related entities were as follows:

<b>Related entities</b>	<b>Transaction</b>	<b>2017</b>
		\$
Corporate Management Services LLC – Randal Swick	Director Fees	218,400
Brian Thomas – B D Thomas & Associates	Director Fees	3,500
Michael Fry	Salary & Directors Fees	134,219
David Symons	Director Fees	20,000

In addition to the above Mr Swick's wife was entitled to \$75,000 for consulting services

<b>Related entities</b>	<b>Transaction</b>	<b>2016</b>
		\$
Corporate Management Services LLC – Randal Swick	Director Fees	233,400
Hardies Lawyers – Paul Hardie	Director Fees	2,000
Michael Fry	Salary & Directors Fees	73,589
Corporate Management Services LLC – Marcia Swick	Salary	75,000

In addition to the above Mr Swick's wife was entitled to \$75,000 for consulting services

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
<b>6 Auditor's remuneration</b>		
Remuneration of the auditor of the parent entity for: Auditing or reviewing the financial report	<u>39,596</u>	39,000
	<u><b>39,596</b></u>	<u>39,000</u>
<b>7 Loss per share</b>		
Loss from continuing operations - used in the calculation of loss per share	<u>(693,215)</u>	(688,004)
Net loss for year – used in the calculation of loss per share	<u>(1,446,829)</u>	(1,584,780)
	<u><b>2017 No.</b></u>	<u><b>2016 No.</b></u>
<b>Weighted average number of shares used in calculating loss per share</b>	<u><b>704,427,037</b></u>	<u>665,268,524</u>
Diluted and undiluted loss per share from continuing operations	<u>(0.10)</u>	(0.10)
Diluted and undiluted loss per share from continuing and discontinued operations	<u>(0.21)</u>	(0.24)
	<u><b>Consolidated 2017 \$</b></u>	<u><b>Consolidated 2016 \$</b></u>
<b>8 Cash and cash equivalents</b>		
Cash at bank and in hand	<u>378,249</u>	33,109
Short-term bank deposits	<u>20,000</u>	34,429
	<u><b>398,249</b></u>	<u>67,358</u>
<b>a) Reconciliation of cash flow from operations with loss after income tax</b>		
Loss for the year	<u>(1,446,829)</u>	(1,584,780)
Non-cash flows in loss		
Depreciation	<u>101,374</u>	216,372
Doubtful debts		56,267
Impairment expense	<u>32,931</u>	148,792
Exchange rate (gain)/loss		(56,162)
Loss/(Profit) on disposal of plant & equipment	<u>(263,448)</u>	-
Changes in assets and liabilities		
Decrease in trade and other receivables	<u>341,440</u>	58,694
Decrease in inventories	<u>37,567</u>	79,016
Decrease/(increase) in other assets	<u>37,787</u>	(26,391)
Increase in trade payables and accruals	<u>333,116</u>	503,498
Increase in provisions	<u>363,775</u>	79,231
Net cash generated by/ (used in) operating activities	<u><b>(461,158)</b></u>	<u>(525,463)</u>
<b>b) Non-cash financing and investing activities</b>		
There were no non-cash financing and investing activities that occurred during the year.		

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
<b>8 Cash and cash equivalents (continued)</b>		
<b>c) Cash and cash equivalents as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:</b>		
Cash and cash equivalents as per the consolidated statement of financial position	<b>398,249</b>	66,351
Cash and cash equivalents attributable to discontinued operations	<b>352,037</b>	1,187
	<b>750,286</b>	<b>67,538</b>

**9 Trade and other receivables**

**Current**

Trade receivables	-	702,862
Consideration receivable (d)	<b>1,640,025</b>	1,703,039
Other Receivables	<b>155,064</b>	194,058
Provision for Impairment	<b>(1,712,541)</b>	(2,042,816)
	<b>82,548</b>	<b>557,143</b>

- a) Trade debtors are non-interest bearing and generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.
- b) Due to the short term nature of these receivables their carrying value is assumed to approximate their fair value.
- c) Effective interest rates risk and credit risk – information concerning the effective interest rate and credit risk of both current and non-current receivables is detailed in note 23.
- d) The Group disposed of its interests in the Alta Floresta Project in Brazil during the 2014 financial year. Under the terms of the sale agreement, the proceeds were to be received over a 2 year period. The acquirer failed to meet the agreed payment schedule and as a consequence the Group has commenced legal action to recover. Due to the uncertainty of recovery at this time, a provision for impairment of \$1,640,025 (2016: \$1,703,039), being the full amount of the receivable, has been recognised.

	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
<b>10 Other assets</b>		
Prepayments	<b>3,234</b>	41,021
	<b>3,234</b>	<b>41,021</b>

**11 Property, plant and equipment**

Furniture and equipment:		
At cost	<b>7,714</b>	7,714
Accumulated depreciation and impairment	<b>(7,642)</b>	(7,076)
	<b>72</b>	<b>638</b>
Drilling plant and equipment:		
At cost	-	4,244,017
Accumulated depreciation and impairment	-	(4,244,017)
	-	-
Other plant and equipment:		
At cost	-	156,280
Accumulated depreciation and impairment	-	(142,807)
	-	<b>13,473</b>

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Motor vehicles:		
At cost	-	536,462
Accumulated depreciation and impairment	-	(438,048)
	-	98,414
	<b>72</b>	<b>112,525</b>

Fixed assets have been allocated for impairment testing purposes to the following cash-generating units:

- Drilling equipment
- Other plant and equipment

**12 Discontinued Operations and Assets and Liabilities Held for Sale**

**a) Assets and Liabilities Held for Sale**

During the year ended 30 June 2017, the Company announced to the market its decision to wind back drilling operations in Brazil and Uruguay; and liquidate its position in order to focus on its graphite and lithium exploration assets. The Group's drilling operations comprise of the following companies:

- Cougar Brasilia Pty Ltd
- Geologica Sondagens Ltda
- Palinir S.A.

As at 30 June 2017, the Company is still in the process of negotiating for the sale of the above operations. The carrying amounts of assets and liabilities of the above operations as at 30 June 2017 are as follows:

	<b>Consolidated 2017 \$</b>
<b>Assets classified as held for sale</b>	
Cash and cash equivalents	352,037
Trade and other receivables	133,155
Inventory	-
Property, plant and equipment	26,535
Exploration and evaluation expenditure	-
	<u>511,727</u>
<b>Liabilities directly associated with Assets classified as held for sale</b>	
Trade and other payables	(951,726)
Provisions	(2,412,870)
Loans and borrowings	(895,489)
	<u>(4,260,085)</u>
Net liabilities	<u>(3,748,358)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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**12 Discontinued Operations and Assets and Liabilities Held for Sale (continued)**

During 2017, the Group sold a T3W drill rig for approximately US\$350K. This rig formed part of the Brazilian drilling operations. The gain on sale amounting to \$263,448 was recognised by the Group and is included in the loss from discontinued operations.

**b) Financial Performance from discontinued operations**

The financial performance of the discontinued operations are as follows:

Revenue	<b>2,043,665</b>	2,157,458
Finance revenue	-	11
Profit on sale of assets	<b>263,447</b>	49,624
Other revenue	<b>45,839</b>	22,671
Total revenue	<b>2,352,951</b>	2,229,764
Expenses	<b>(3,106,565)</b>	(3,126,540)
Loss from discontinued operations before tax	<b>(753,614)</b>	(896,776)
Income tax benefit	-	-
Loss from discontinued operations	<b>(753,614)</b>	(896,776)

**12 b) Cash flows from discontinued operations**

The cash flows from discontinued operation comprise of the following:

	<b>Consolidated 2017</b>	<b>Consolidated 2016</b>
	\$	\$
Net cash inflows/(outflows) from operating activities	<b>2,879</b>	(261,870)
Net cash inflows/(outflows) from investing activities	<b>461,550</b>	(2,218)
Net cash inflows from financing activities	<b>291,427</b>	403,301
Net cash flows	<b>755,856</b>	139,213

	<b>Consolidated 2017</b>	<b>Consolidated 2016</b>
	\$	\$
Expenditure brought forward	-	160,943
Expenditure incurred during year (i)	<b>832,607</b>	-
Expenditure impaired during year (ii)	-	(160,943)
Expenditure carried forward	<b>832,607</b>	-

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the mining areas.

- (i) The Directors have considered the requirements of AASB 6: Exploration for and Evaluation of Mineral Resources and of AASB 136: Impairment of Assets, and have reviewed the carrying value of exploration and evaluation expenditures that relate to the Shoal Lake East Gold Project. The review identified that there existed at the prior year end factors existed that indicated that the carrying value of the Shoal Lake East Gold Project might be impaired at 30 June 2016. In accordance with AASB 136, the Directors undertook a recoverable amount assessment of the Shoal Lake East Gold Project. That assessment determined that due to the uncertainty, the recoverable amount was nil. As such, a provision for impairment of \$160,943, being the full amount of the exploration and evaluation expenditures capitalised with respect to the Shoal Lake East Gold Project, was raised and has been carried forward to the year ended 30 June 2017.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2017**

	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
<b>14 Trade and other payables</b>		
<b>Current</b>		
Trade payables	952,616	1,000,675
Audit accrual	-	22,500
Other accruals	500,568	733,029
	<u>1,453,184</u>	<u>1,756,204</u>

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. The Payables disclosed are unsecured.

	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
<b>15 Provisions</b>		
Employee entitlements	1,243	2,335
Foreign taxes	-	1,882,265
Foreign employee provisions	-	165,738
	<u>1,243</u>	<u>2,050,338</u>

The Provision for Foreign Tax in 2016 relates to the drilling business and comprises: (i) an amount inclusive of an allowance for interest and penalties of \$432,816 relating to an assessment received which the Company is defending; and (ii) an amount inclusive of an allowance for interest and penalties of \$1,449,449 relating to an estimate of tax payable on a self-assessment basis which the Company considers unlikely to be paid.

**16 Loans and borrowings**

**Current**

Loan from director related entity – unsecured	221,546	669,871
	<u>221,546</u>	<u>669,871</u>

Terms and conditions relating to the above financial instruments:

- The Loan from director related entity – unsecured relates to an advance by Randal Swick (Managing Director). Randal Swick has provided the Company with a letter of financial support stating that he will not call upon any loans to the company within 12 months of signing the financial report unless agreed otherwise by the Directors. The total loan from Randal amounted to \$1,043,679. The \$822,133 relates to advances made to discontinued operations.
- Interest rate risk exposure: Details of the Group's exposure to interest rate changes on interest bearing liabilities are set out in note 23.
- Fair value disclosures: Details of the fair value of interest bearing liabilities for the Group are set out in note 23.

	<b>Consolidated 2017 \$</b>	<b>Consolidated 2016 \$</b>
<b>17 Issued capital</b>		
Ordinary fully paid ordinary shares (a)	27,748,617	26,673,235
Contributing shares partly paid to \$0.01	3,426	3,426
	<u>27,752,043</u>	<u>26,676,661</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2017**

	2017 \$	2017 No.	2016 \$	2016 No.
<b>Ordinary shares</b>				
Balance at beginning of year	26,676,661	665,268,524	26,676,661	665,268,524
Issue of shares	1,150,000	164,285,714	-	-
Share issue costs	(74,618)	-	-	-
	<hr/>			
Balance at end of year	27,752,043	829,554,238	26,676,661	665,268,524

On 4 April 2017, the Company successfully completed a placement issue of 164,285,714 fully paid ordinary shares amounting to \$1,150,000 (gross of share issue costs).

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

	Consolidated 2017 \$	Consolidated 2016 \$
<b>18 Capital and leasing commitments</b>		
<b>Finance leases</b>		
<1 year	73,357	62,807
1 – 5 years	-	-
>5 years	-	-
Minimum lease payments		62,807
Future finance charges		-
	<hr/>	
Lease liability	73,357	62,807
	<hr/>	
Comprising:		
Current liability (note 16)	73,357	62,807
Non-Current liability (note 16)	-	-
	<hr/>	
	73,357	62,807
	<hr/>	

**Operating lease commitments**

The Group has operating lease commitments of \$nil (2016: \$nil).

**Exploration expenditure obligations**

The Group has minimum expenditure obligations relating to its tenements of \$53,800 (2016: \$53,800).

**19 Contingent assets and contingent liabilities**

The Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2017, with the exception of the following.

**Shoal Lake East Gold Project**

In 2015, Tycoon Gold Resources Inc, a wholly owned subsidiary incorporated in Canada, has commenced a legal action against the owner of the Shoal Lake East Gold Project with respect to concerns it has in relation to the owner's conduct and alleged breaches of certain representations and warranties made by the owner under the option agreement, which was referred to arbitration. In February 2016, the results of the arbitration were handed down with Tycoon succeeding on all major matters raised in the arbitration proceedings. The arbitrator awarded Tycoon costs totalling CDN\$297,165 on an indemnity basis. The matter remains incomplete pending compliance of the arbitrator's orders. No asset or liability has been recognised in relation to this matter at this time.

**19 Contingent assets and contingent liabilities (continued)**

**Ceara Lithium Project**

The Company and MMH Capital Ltd entered into a Letter of Intent on or about 2 August 2016 (**LOI**) under which the Company was to acquire an 85% interest in approximately 35 tenement applications in Brazil covering an area of ~60,000 Ha that are prospective for lithium mineralisation (**Tenement Applications**). Pursuant to the LOI, the Company agreed to issue, on completion of a definitive legal agreement, subject to available capacity or Shareholder approval, a total of 100,000,000 Shares as consideration for the acquisition of an 85% interest in the Tenement Applications. The Company obtained shareholder approval on 31 July 2017 at a General Meeting, and has yet to issue the shares. The value of the shares as at 30 June 2017 is \$700,000 using the closing price of \$0.007 on 28 June 2017 (last trading day before balance date).

**20 Segment reporting**

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 entity's primary segments are three businesses, being drilling operations, mineral exploration and resource development and gold operations.

Drilling operations consists of providing rigs, equipment, consumables and services for drilling holes for the purpose of extraction and presentation of rock and soil samples on a contract basis for mining and exploration companies in Brazil and Uruguay. This business depends upon the supply and utilisation of drilling rigs, the skills and training of the drilling services personnel and the ability to negotiate the contracts under which these services are provided to customers.

Mineral exploration and resource development involves the geological pursuit of identifying mineral resource systems for the purposes of extraction and or sale.

During the year ended 30 June 2017 the consolidated entity operated in the following Geographic Segments: Australia, Brazil, Uruguay, Canada and Madagascar. (2016: Australia, Brazil, Uruguay and Canada).

**Basis of accounting for purposes of reporting by operating segments**

*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

*Inter-segment transactions*

An internally determined transfer price is set for all inter-entity sales. This price is re-set quarterly and is based on what would be realised in the event the sale was made to an external party at arm's-length. All such transactions are eliminated on consolidation for the Groups financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

*Segment assets*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED**  
**30 JUNE 2017**

**20 Segment reporting (continued)**

*Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

*Unallocated items*

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense

The details of the financial information for each segment are as follows:

	<b>Continuing Operations</b>		<b>Discontinued Operations</b>		
	<b>Toamasina Graphite (Madagascar) &amp; Ceara Lithium (Brazil) Evaluation \$</b>	<b>Canada Exploration &amp; Evaluation \$</b>	<b>Brazil Drilling Operations \$</b>	<b>Uruguay Drilling Operations \$</b>	<b>Total Operations \$</b>
<b>30 June 2017</b>					
<b>Revenue</b>					
Sales to external customers	-	-	2,043,665	-	2,043,665
Finance revenue	1,591	-	-	-	1,591
Profit on Sale of Assets	-	-	263,447	-	263,447
Other	-	-	45,839	-	45,839
Segment revenue	<b>1,591</b>	<b>-</b>	<b>2,352,951</b>	<b>-</b>	<b>2,354,542</b>
Segment loss before tax	<b>(656,884)</b>	<b>(36,511)</b>	<b>(696,733)</b>	<b>(56,701)</b>	<b>(1,446,829)</b>
<b>Assets and liabilities</b>					
Segment assets	1,580,843	15,413	232,181	-	1,828,437
Segment liabilities	(1,597,300)	(152,030)	(2,529,157)	(1,657,571)	(5,936,058)
Segment net assets / (liabilities)	<b>(16,457)</b>	<b>(136,617)</b>	<b>(2,296,976)</b>	<b>(1,657,571)</b>	<b>(4,107,621)</b>
<b>Movements in assets</b>					
Addition of plant and equipment	-	-	15,456	-	15,456
Depreciation expense	566	-	100,808	-	101,374
Doubtful debts	951	-	(42,883)	-	(41,932)
Impairment	-	(3,799)	-	-	(3,799)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
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**30 June 2016**

**Revenue**

Sales to external customers	-	-	2,157,458	-	2,157,458
Finance revenue	788	-	11	-	799
Foreign exchange gain	3,941	2,598	56,371	(6,747)	56,163
Other	-	-	22,671	-	22,671

Segment revenue	4,729	2,598	2,236,511	(6,747)	2,237,091
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Segment (loss) / profit before tax	(527,338)	(160,666)	(820,644)	(76,132)	(1,584,780)
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**Assets and liabilities**

Segment assets	47,321	77,190	904,911	-	1,029,422
Segment liabilities	(954,554)	(154,251)	(1,929,981)	(1,500,434)	(4,539,220)

Segment net assets / (liabilities)	(907,233)	(77,061)	(1,025,070)	(1,500,434)	(3,509,798)
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**Movements in assets**

Addition of plant and equipment	-	-	2,218	-	2,218
Depreciation expense	1,105	-	215,267	-	216,372
Doubtful debts	-	-	56,267	-	56,267
Impairment	-	148,792	-	-	148,792

**21 Events after balance sheet date**

No matter or circumstances have arisen since the end of the reporting date and the date of this report which significantly affects or may significantly affect the results of the operations of the Group, except for the following.

On 31 July 2017, the shareholders approved the issue of shares up to 25,714,286 fully paid ordinary shares to Michael Fry as full and final satisfaction of all amounts owing by the Company to him on account of unpaid director and professional service fees as at 29 June 2017 amounting to \$180,000. On 10 August 2017, 21,806,071 fully paid ordinary shares were issued to Michael at a deemed issue price of \$0.0082 per share based on the market value of the shares as of that date.

On 31 July 2017, the shareholders approved the issue shares up to 4,523,857 fully paid ordinary shares to David Symons as full and final satisfaction of all amounts owing by the Company to him on account of unpaid director fees as at 31 March 2017 amounting to \$31,667. On 9 September 2017, 3,333,368 fully paid ordinary shares were issued to David Symons at a deemed issue price of \$0.0095 per share based on the market value of the shares as of that date.

On 31 July 2017, the shareholders approved the issue of 30,000,000 Placement Options to GTT Ventures Pty Ltd by virtue of a placement mandate agreement entered into with the Company. The options were issued on 10 August 2017. The terms of the Placement Options are as follows:

- a. Class A Placement Options - 20,000,000 unlisted options exercisable at \$0.015 on or before 31 July 2018
- b. Class B Placement Options - 10,000,000 unlisted options exercisable at \$0.017 on or before 30 June 2019

On 15 September 2017 the Company secured firm commitments to raise \$800,000 (before costs) comprising a placement of 61,538,462 shares at an issue price of \$0.013 per share to sophisticated and professional investors. The Company issued these placement shares on 20 September 2017.

Funds raised are to be applied to ongoing work programmes at the Company's Ceará Lithium Project in Ceará State, Brazil and drilling at the Toamasina Saprolitic Graphite Project in Madagascar. This placement was managed by GTT Ventures Pty Ltd.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
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**22 Related party transactions**

The parent entity advanced loans and provided accounting and administrative assistance to the other entities in the wholly-owned group during the current financial year. With the exception of the accounting and administrative assistance, which was provided free of charge, and interest free loans provided by the parent entity, these transactions were on commercial terms and conditions.

	<b>Consolidated 2017</b>	Consolidated 2016
	\$	\$
The following balances were outstanding with related parties at year end:		
Loans from related parties:		
Advance from Randal Swick <sup>(i)</sup>	<b>1,039,186</b>	669,871
Payable to:		
Corporate Management Services LLC <sup>(ii)</sup>	<b>891,433</b>	593,033
M&A Family Trust – Michael Fry	<b>237,219</b>	103,000
David Symons	<b>36,667</b>	16,667
Brian Thomas	<b>3,500</b>	-

(i) Advance from Randal Swick to commonly controlled entities from the parent entity are non-interest bearing and not repayable within the next 12 months. Of this amount \$822,133 (2016: \$569,871) relates to discontinued operations.

(ii) Corporate Management Services LLC is the personal services entity of Randal Swick. Under the services agreement between Cougar Metals NL and Corporate Management Services LLC, Corporate Management Services LLC receives fixed remuneration of \$218,400 per annum in connection with the provision of services of its principal Randal Swick.

**Group Companies**

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Place of Incorporation</b>	<b>Percentage Ownership</b>	
			<b>2017</b>	<b>2016</b>
Cougar Brasilia Pty Ltd	Exploration and evaluation	Australia	100%	100%
Geologica Sondagens Ltda	Drilling	Brazil	100%	100%
Palinir Sociedad Anonima	Drilling	Uruguay	100%	100%
Tycoon Gold Resources Inc	Exploration and evaluation	Canada	100%	100%
Duport Gold Company Inc	Exploration and evaluation	Canada	100%	100%

**23 Financial instruments**

**a) Financial risk management objectives**

The Group's accounting and finance function co-ordinates access to domestic and financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks, where deemed appropriate.

**b) Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves, other equity and retained earnings (accumulated losses) as disclosed in note 24.

**23 Financial instruments (continued)**

**c) Market risk**

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group enters into funding agreements with a variety of financial institutions to manage its exposure to interest rate risk.

**d) Foreign currency risk**

As a result of the operating activities in Brazil and Canada and the ongoing funding of overseas operations from Australia, the Group's balance sheet can be affected by movements in the Brazilian Real (BRL) / Australian Dollar (AUD), Canadian Dollar (CDN) and US Dollar (USD) / Australian Dollar (AUD) exchange rates. The Group seeks to mitigate the effect of its foreign currency exposure by timing its purchase and payment to coincide with highs in the BRL/AUD, CDN/AUD and USD/AUD exchange rate cycle.

100% of the Group's sales are denominated in currencies other than the functional currency of the operating entity making the sale, with the majority of costs also denominated in the unit's functional currency.

Presently, each operating entity's profits and surplus cash-flows are reinvested back into the operating entity to fund and facilitate ongoing growth, thus eliminating the need for measures to mitigate currency exposure.

**e) Interest rate risk management**

The Group is not exposed to any significant interest rate risk as entities within the Group are not party to significant borrowing arrangements. The necessity to undertake hedging activities is evaluated regularly to align with interest rate views and defined risk appetite; currently the Management of the Company takes the view that hedging activity is unnecessary. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

**f) Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

**g) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Accounting Department and Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**h) Liquidity and interest risk tables**

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been presented based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group may be required to pay. The table includes both interest and principal cash flows.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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**23 Financial instruments (continued)**

**i) Interest rate risk**

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk.

Consolidated 2017	Weighted average effective interest rate %	Floating interest rate \$	Fixed interest rate maturing			Non- interest bearing \$	Total \$
			< 1 year \$	1 – 5 years \$	> 5 years \$		
<b>Financial assets:</b>							
Cash and cash equivalents	0.30%	378,249	20,000	-	-	-	<b>398,249</b>
Trade and other receivables	-	-	-	-	-	82,548	<b>82,548</b>
Total financial assets		<b>378,249</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>82,548</b>	<b>480,797</b>
<b>Financial liabilities:</b>							
Hire Purchase liability	-	-	73,357	-	-	-	<b>73,357</b>
Loan –related entity	-	-	-	-	-	1,039,187	<b>1,039,187</b>
Trade and other payables	-	-	-	-	-	2,279,909	<b>2,279,909</b>
Total financial liabilities		<b>-</b>	<b>73,357</b>	<b>-</b>	<b>-</b>	<b>3,319,096</b>	<b>3,392,453</b>
Consolidated 2016	Weighted average effective interest rate %	Floating interest rate \$	Fixed interest rate maturing			Non- interest bearing \$	Total \$
			< 1 year \$	1 – 5 years \$	> 5 years \$		
<b>Financial assets:</b>							
Cash and cash equivalents	0.24%	31,922	34,429	-	-	-	<b>66,351</b>
Trade and other receivables	-	-	-	-	-	557,143	<b>557,143</b>
Total financial assets		<b>31,922</b>	<b>34,429</b>	<b>-</b>	<b>-</b>	<b>557,143</b>	<b>624,681</b>
<b>Financial liabilities:</b>							
Hire Purchase liability	7%	-	62,807	-	-	-	<b>62,807</b>
Loan –related entity	-	-	-	-	-	669,871	<b>669,871</b>
Trade and other payables	-	-	-	-	-	1,756,204	<b>1,756,204</b>
Total financial liabilities		<b>-</b>	<b>62,807</b>	<b>-</b>	<b>-</b>	<b>2,426,075</b>	<b>2,488,882</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2017**

**23 Financial instruments (continued)**

**i) Sensitivity analysis**

The sensitivity table below show the effect on profit and equity after tax if interest rates at the balance date had increased or decreased by 1% (100 basis points) with all other variables held constant, taking into account all underlying exposures. The 100 basis point deviation has been selected as this is considered reasonable given the current level of both short and long term Australian interest rates. A 100 basis point sensitivity would move interest rates payable from 0.24% to 1.24% in an interest rate appreciation environment.

**Interest rate risk**

The Group's exposure to market risk for change in interest rates relates primarily to their interest bearing liabilities.

The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date. At 30 June 2017, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements	Post tax profit higher / (lower)		Other Equity higher / (lower)	
	2017	2016	2017	2016
	\$	\$	\$	\$
+ 1% (100 basis points)	7,300	319	7,300	319
- 1% (100 basis points)	(7,300)	(319)	(7,300)	(319)

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances for the year.

**Fair value of financial instruments**

Directors consider that carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. There are no financial assets or liabilities which are required to be revalued on a recurring basis.

	Parent Entity 2017	Parent Entity 2016
	\$	\$
<b>24 Parent entity disclosures</b>		
<b>(a) Financial position</b>		
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	398,119	40,902
Trade and other receivables	67,266	1,454
Other current assets	3,234	4,291
<b>Total Current Assets</b>	<b>468,619</b>	<b>46,647</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	72	638
Exploration and evaluation expenditure	875,271	-
<b>Total Non-Current Assets</b>	<b>875,343</b>	<b>638</b>
<b>Total Assets</b>	<b>1,343,962</b>	<b>47,285</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED**  
**30 JUNE 2017**

**24 Parent entity disclosures (continued)**

**LIABILITIES**

**Current Liabilities**

Trade and other payables	<b>1,301,154</b>	789,412
Provisions	<b>1,243</b>	2,335
Interest bearing loans and borrowings	<b>294,903</b>	162,807

<b>Total Current Liabilities</b>	<b>1,597,300</b>	954,554
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<b>Total Liabilities</b>	<b>1,597,300</b>	954,554
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<b>Net Assets</b>	<b>(253,338)</b>	(907,269)
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**EQUITY**

Issued capital	<b>27,752,043</b>	26,676,661
Other reserve	-	-
Accumulated losses	<b>(28,005,381)</b>	(27,583,930)

<b>Total Equity</b>	<b>(253,338)</b>	(907,269)
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**(b) Financial performance**

Net loss for the year	<b>(421,451)</b>	(621,161)
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Other comprehensive income for the year:		
Exchange differences arising on translation of foreign operations	-	-

Total comprehensive result for the year	<b>(421,451)</b>	(621,161)
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There were no contingent assets existing at year end for the parent entity.

The Company has a contingent liability at 30 June 2017 to issue 100,000,000 shares to MMH Capital for 85% ownership of the Ceara Lithium Project.

The Group has minimum expenditure obligations relating to its tenements of \$53,800 (2016: \$53,800).

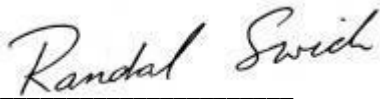
## **DIRECTORS' DECLARATION**

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The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and the Consolidated Entity;
- c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1(a); and
- d) the Directors have been given the declarations required by s295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001.



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**Randal Swick**  
**Managing Director**

Dated this 30th day of September 2017

# Independent Auditor's Report

## To the Members of Cougar Metals NL

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Cougar Metals NL ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 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 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 Consolidated Entity is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 Consolidated Entity 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* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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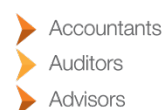
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### Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$1,446,829 during the year ended 30 June 2017. As stated in Note 1(c), this condition, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Exploration and Evaluation Expenditure – \$832,607</b></p> <p>(Refer to Note 13)</p> <p>Exploration and evaluation is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>➤ The significance of the balance to the Consolidated Entity's consolidated financial position;</li> <li>➤ The level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ("AASB 6"). AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset; and</li> <li>➤ The assessment of impairment of exploration and evaluation expenditure being inherently difficult.</li> </ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>➤ Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the consolidated entity holds an interest and the exploration programmes planned for those tenements;</li> <li>➤ For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating agreements in place;</li> <li>➤ We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6;</li> <li>➤ We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest;</li> <li>➤ We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: <ul style="list-style-type: none"> <li>➤ the licenses for the right to explore expiring in the near future or are not expected to be renewed;</li> <li>➤ substantive expenditure for further</li> </ul> </li> </ul>

Key audit matter	How our audit addressed the key audit matter
	<p>exploration in the specific area is neither budgeted or planned;</p> <ul style="list-style-type: none"> <li>➤ decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and</li> <li>➤ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.</li> </ul> <p>➤ We assessed the appropriateness of the related disclosures in note 13 to the financial statements.</p>
<p><b>Discontinued Operations and Assets Classified as Held for Sale</b></p> <p>(Refer to Note 12)</p> <p>Discontinued operations and assets classified as held for sale are a key audit matter due to:</p> <ul style="list-style-type: none"> <li>➤ The requirement of specific conditions to be met; and</li> <li>➤ The significance of the balances and transactions to the Consolidated Entity's results for the period and consolidated financial position.</li> </ul>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> <li>➤ Evaluation of management's assumptions applied to determine the discontinued operation in accordance with the requirements of <i>AASB 5: Non-current Assets held for Sale and Discontinued Operations</i> ("AASB 5");</li> <li>➤ Assessment of the reallocation of costs associated with discontinued operations;</li> <li>➤ Assessment of the identification of the related assets and liabilities classified as held for sale; and</li> <li>➤ Assessing the adequacy of the disclosures included in Note 12 to the financial statements.</li> </ul>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **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 Note 1(b), the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability 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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our responsibility is to express an opinion on the financial report based on our audit. 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Independent Auditor's Report**  
To the Members of Cougar Metals NL *(Continued)*

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**Auditor's Opinion**

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads "Bentleys".

**BENTLEYS**  
Chartered Accountants

A handwritten signature in blue ink that reads "Doug Bell".

**DOUG BELL CA**  
Director

Dated at Perth this 30<sup>th</sup> day of September 2017



The board of directors is responsible for the corporate governance of the Company and has adopted a range of corporate governance policies consistent with the “Principles of Good Corporate Governance and Recommendations” released by the ASX Corporate Governance Council, to the extent that such recommendations are appropriate to the structure and operations of the Company.

A summary of the major policies is set out below.

### **Functions and Responsibilities of Board and Management**

The role of the board is to develop strategies for the growth of the Company and its assets and monitor and evaluate the implementation of those strategies against set performance objectives. The board is responsible for the corporate governance of the Company and considers a wide range of corporate governance issues on a regular basis, including accountability and control, risk management, ethical conduct, financial stability, performance appraisal and human resource management. Each director has the ability, as agreed to by the board, to seek independent professional advice at the Company’s expense on a Company related matter on an as required basis.

The board of directors is structured with the required mix of skills and experience to ensure that the Company’s growth strategies can be effectively implemented. The composition of the board is continually monitored to ensure that it has the appropriate mix of skills and experience. The responsibility for the day-to-day operation and administration of the Company is delegated by the board of directors to the Managing Director.

The Company’s Management is responsible for implementing the Company’s strategy and managing the affairs of the Company on a day-to-day basis. The performance of the Managing Director and Management is measured against objectives and outcomes determined at the commencement of each financial year and against the requirements set out in the job descriptions for the members of Management.

### **Board Structure**

Given the current size and nature of the Company’s operations, the board of directors has assumed the responsibilities that would ordinarily be assigned to a nomination committee with respect to the nomination, appointment, retention and removal of directors. When a vacancy or perceived deficiency in skill or experience exists at board level, the directors are responsible for the recruitment and appointment of the most suitable candidate, who shall hold office until the next annual general meeting, where the appointee is required to stand for re-election.

No director shall hold office for a period of more than three years without having to stand for re-election (excluding the Managing Director). All board appointments will be made and maintained subject to the rules of the Company’s constitution.

Details of qualifications, experience, responsibilities and tenure of current directors are set out in the directors’ report. The board is currently comprised of three directors: one executive, being Randal Swick (Managing Director), Brian Thomas (Non-Executive Director) and David Symons (Non-Executive Director).

The Board is required to assess the independence of its Non-Executive Directors at least annually. In assessing independence, the Board considers all circumstances relevant to determining whether the Non-Executive Director is free from any interest and any business or other relationship, which could, or reasonably be perceived to, materially interfere with that Director’s ability to exercise unfettered and independent judgement on Company issues. The board has assessed that David Symons and Brian Thomas are considered to be independent as they do not have any contractual relationships with the Company, or through a business affiliate which results in greater than 10% revenue of gross assets for either party.

### **Ethical Decision Making**

All directors, executives, management and employees are expected to act with the upmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The board of directors is committed to the establishment of appropriate ethical standards for the Company.

All directors, executives, management and employees must comply with all relevant laws and regulations. The board is required to be notified as soon as a conflict of interest arises so that an appropriate resolution can be determined.

As a measure to ensure that insider trading does not occur, all directors, executives, management and designated employees must notify the Managing Director in writing prior to being permitted to undertake any transaction that results in a change in their relevant interest in the securities of the Company. The Managing Director will assess the information available to the person wishing to trade in the securities of the Company and the information available to the market, and will then advise of the appropriateness of such a trade.

The Managing Director must advise the board in writing prior to trading in the securities of the Company. The Board will assess the information available to the Managing Director and the information available to the market, and will then advise on the appropriateness of such a trade.

### **Financial Reporting**

Given the current size and nature of the Company's operations, the board of directors is not in a position to justify the establishment of an audit committee. The board has assumed the responsibilities that would ordinarily be assigned to an audit committee. Such matters include reviewing the annual report, financial report and other information to be externally distributed, reviewing external audit reports and the performance of external auditors, monitoring the internal control framework, evaluating Company performance, monitoring legal compliance and maintaining budgeting control and responsible accounting procedure. The external auditor will be requested to attend the annual general meeting of the Company, where shareholders will be able to discuss with the external auditor the conduct of the external audit and the preparation and content of the audit report.

Prior to the consideration of the financial report by the board of directors, the Managing Director and the Financial Controller are required to represent in writing to the board that the Company's financial report:

- Presents a true and fair view, in all material respects, of the Company's financial condition and operational results; and
- Has been prepared in accordance with relevant accounting standards.

The Managing Director and Financial Controller are also required to represent in writing to the board that:

- the above statement made by the Managing Director and Financial Controller pertaining to the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects.

Such representations do not diminish the ultimate responsibility of the board to ensure the integrity of the Company's financial reporting.

### **Continuous Disclosure**

The Company will adhere to the disclosure requirements of the Corporations Act 2001 and ASX Listing Rules. The board will aim to identify all price sensitive information and ensure that it is disclosed to ASX in a timely and efficient manner. All ASX releases shall be reviewed for accuracy and completeness by a director prior to release to the market.

**Shareholder Communications**

The Company's website will be updated for all ASX releases, shareholder notifications, media and analyst briefings and other general information useful to investors. The Company has established an email subscription service for distribution of ASX releases to interested stakeholders. Shareholders will be encouraged and given the opportunity to ask questions at general meetings, as well as directly to the Company at any other time during the year.

The Company keeps shareholders and the market regularly informed through annual, half-year and quarterly reports and other required statutory information. The Company discloses material information to the ASX and media as required and regularly provide updates to the ASX on operational matters.

**Risk Assessment and Management**

The board of directors is responsible for putting in place practices and monitoring procedures designed to identify significant areas of business risk, both internal and external. The effectiveness of these practices and procedures in identifying risk will be reviewed at least annually. All risks identified pertaining to the Company will be incorporated into a risk profile that will be regularly reviewed and updated by the board.

The board is responsible for the effective management of any risks identified. Where considered appropriate, the board will draw upon the expertise of appropriately qualified external consultants to assist in identifying, dealing with or mitigating risk.

**Remuneration**

The board of directors has established a Remuneration Committee for the purposes of reviewing and making recommendations with respect to remuneration practices of the Company. The board of directors prepared and approved a Remuneration Committee Charter as the basis on which the committee was constituted and is operated. The role of the Remuneration Committee is to provide an independent mechanism for the determination and assessment of the remuneration practices of the Company, including remuneration packages and incentive schemes for executive directors and senior management, and fees payable to Non-Executive directors. The aim of the committee is to ensure that the remuneration practices of the Company are commensurate with industry standards and companies of similar operational and financial position.

The Remuneration Committee has the ability, as agreed to by the board, to seek independent professional advice at the Company's expense on any matter on an as required basis, such as acquiring available information which measures the remuneration levels in the various labour markets in which the Company competes.

The Remuneration Committee should ensure that the board of directors is provided with sufficient information to ensure informed decision making. Formal recommendations of the committee are not binding on the board, however the board is encouraged to comply with such recommendations to ensure that the integrity of the Company's corporate governance procedures and Remuneration Committee is maintained.

\* formal Remuneration Committee meetings were held during the year, with additional informal discussions between members being held. A review of the remuneration for FY17 is yet to be completed.

See *Directors' Report* for details and discussion of the remuneration of directors and executives.

***Principles of Good Corporate Governance and Recommendations not adopted by the Company***

Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet elected to establish policies with respect to the **Establishment of an Audit Committee** or **Diversity Policy**.

As the Company develops the Board will consider establishing an Audit Committee and adopting a Diversity Policy.

**Holdings as at 21 September 2017**

<b>No. Securities Held</b>	<b>Fully Paid Shares</b>	
	<b>No. Holders</b>	<b>No. Shares</b>
1 – 1,000	121	13,753
1,001 – 5,000	42	119,005
5,001 – 10,000	79	675,548
10,001 – 100,000	445	22,628,598
> 100,001	477	892,795,235
Total no. holders	1,164	916,232,139
No. holders of less than a marketable parcel	377	4,027,168
Total on issue	1,164	916,232,139

**Substantial shareholders as at 21 September 2017**

	<b>No. Shares</b>	<b>%</b>
SAVVY CAPITAL MANAGEMENT PTY LTD	138,366,224	15.10
SWICK, MARCIA	276,000,000	41.49

**20 Largest holders of securities at 21 September 2017**

<b>Fully paid ordinary shares</b>	<b>No. Shares</b>	<b>%</b>
SWICK MARCIA	195,000,000	21.28
SAVVY CAP MGNT PL	138,366,224	15.10
SWICK MARCIA	47,239,940	5.16
SWICK MARCIA	32,410,060	3.54
FRY ANN MARY	21,806,071	2.38
PROKSA PETER ANDREW	17,000,000	1.86
ZN & C LAZOGAS PL	10,635,000	1.16
ELLIDGE MARK + JENNIFER	10,000,000	1.09
ACVS CAP INV PL	9,435,826	1.03
PERSHING AUST NOM PL	9,312,452	1.02
MONTREUX MGNT PL	8,464,426	0.92
HENRIOD JANET MONICA	8,400,000	0.92
LIU BIN	7,500,002	0.82
COMSEC NOM PL	6,673,411	0.73
TRIBECA NOM PL	6,538,462	0.71
LTL CAP PL	6,500,000	0.71
HANNA ROBERT WILLIAM	6,435,720	0.70
KOLUNDZIJA DOBRIVOJ	6,006,801	0.66
FAGAN DAVID	6,000,000	0.65
KANGSAV PL	5,949,764	0.65
	559,674,159	61.09

**ASX ADDITIONAL INFORMATION (CONTINUED)**

<b>Class of unlisted equity securities</b>	<b>No. Contributing Shares</b>
Contributing Shares (Issue price \$0.125, \$0.001 paid)	3,425,725
Holders of more than 20% of this class Rosmar Holdings Pty Ltd <Rosmar Super Fund A/C> Rowntree Pty Ltd <Rowntree Family A/C>	1,400,000 800,625

<b>Class of unlisted equity securities</b>	<b>No. Options</b>
20,000,000 Unlisted Options – exercisable at \$0.015 expiring 31 July 2018 Holders of more than 20% of this class GTT VENTURES GLOBAL OPPORTUNITIES PTY LTD	16,000,000

<b>Class of unlisted equity securities</b>	<b>No. Options</b>
10,000,000 Unlisted Options – exercisable at \$0.015 expiring 31 July 2018 Holders of more than 20% of this class GTT VENTURES GLOBAL OPPORTUNITIES PTY LTD	8,000,000

**Mining Tenements**

<b>Project (Australia)</b>	<b>Tenement Reference</b>	<b>Interest held by Cougar at 21 September 2017</b>
Pyke Hill Nickel (Australia)*	M39/159	Ni/Co rights - 100%
Shoal Lake Gold (Canada)	MH9	100%
Shoal Lake Gold (Canada)	MH10	100%
Shoal Lake Gold (Canada)	MH40	100%
Shoal Lake Gold (Canada)	D259	100%

\* Cougar holds 100% of the Nickel and Cobalt Laterite rights in relation to the tenement, with tenement ownership to be transferred to Cougar upon the commencement of mining activities.

<b>Project (International)</b>	<b>Tenement Reference</b>	<b>Interest held by Cougar at 21 September 2017</b>
Toamasina Graphite Project	PE38642	Earning to 50%
Ceara Lithium Project	9666/2016	Earning to 85%
Ceara Lithium Project	9667/2016	Earning to 85%
Ceara Lithium Project	9668/2016	Earning to 85%
Ceara Lithium Project	9669/2016	Earning to 85%
Ceara Lithium Project	9670/2016	Earning to 85%
Ceara Lithium Project	9671/2016	Earning to 85%
Ceara Lithium Project	9672/2016	Earning to 85%
Ceara Lithium Project	9673/2016	Earning to 85%
Ceara Lithium Project	9674/2016	Earning to 85%
Ceara Lithium Project	9675/2016	Earning to 85%
Ceara Lithium Project	9676/2016	Earning to 85%
Ceara Lithium Project	9677/2016	Earning to 85%
Ceara Lithium Project	9678/2016	Earning to 85%
Ceara Lithium Project	9679/2016	Earning to 85%
Ceara Lithium Project	9680/2016	Earning to 85%
Ceara Lithium Project	9615/2016	Earning to 85%
Ceara Lithium Project	9681/2016	Earning to 85%

Mining Tenements (continued)

Project (International)	Tenement Reference	Interest held by Cougar at 21 September 2017
Ceara Lithium Project	9682/2016	Earning to 85%
Ceara Lithium Project	9616/2016	Earning to 85%
Ceara Lithium Project	9617/2016	Earning to 85%
Ceara Lithium Project	9618/2016	Earning to 85%
Ceara Lithium Project	9683/2016	Earning to 85%
Ceara Lithium Project	9684/2016	Earning to 85%
Ceara Lithium Project	9685/2016	Earning to 85%
Ceara Lithium Project	9686/2016	Earning to 85%
Ceara Lithium Project	9687/2016	Earning to 85%
Ceara Lithium Project	9619/2016	Earning to 85%
Ceara Lithium Project	9620/2016	Earning to 85%
Ceara Lithium Project	9621/2016	Earning to 85%
Ceara Lithium Project	9622/2016	Earning to 85%
Ceara Lithium Project	1521/2017	Earning to 85%