COUGAR
METALS NL

**ABN 27 100 684 053**

# HALF-YEAR FINANCIAL REPORT

# FOR HALF-YEAR ENDED

# 31 DECEMBER 2014

# CORPORATE DIRECTORY

**Directors**

Randal Swick (Chairman and Managing Director)
Paul Hardie (Non-Executive Director)
Michael Fry (Executive Director)

**Secretary**

Michael Fry

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**Principal Office**

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Telephone: +61 8 9315 2333
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**Auditors**

Bentleys (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005

**Website**

www.cgm.com.au

**Australian Securities Exchange**

CGM (fully paid ordinary shares)

The Directors of Cougar Metals NL and its subsidiaries ("Cougar" or "Group") present their report for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001 (Cth), the directors report as follows:

**DIRECTORS**

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Randal Swick – Chairman and Managing Director
Paul Hardie – Non-Executive Director
Michael Fry – Executive Director (appointed 13 October 2014)
Roger Hussey (resigned 27 November 2014)

**PRINCIPAL ACTIVITIES**

During the half year, the Group's activities were focussed on the following key areas:

- geological assessment of exploration related interests in the Shoal Lake Region of Ontario, Canada; and
- the provision of mineral drilling services to exploration and mining companies in Brazil.

**REVIEW AND RESULTS OF OPERATIONS**

The result for the half-year ended 31 December 2014 attributable to members of Cougar Metals NL was a net loss after tax of $2,594,715 (31 December 2013: $1,465,687).

Included in the net loss after tax is an impairment expense of $1,671,419 relating to the sale of Cougar Brasil Mineracao Ltda. In December 2013, the Group reached agreement to sell 100% of its interests in the shares of Cougar Brasil Mineracao Ltda to a third party, with the proceeds to be received over a two year period. The acquirer made the initial payment of US$600,000 and paid a further amount of US$300,000 in May 2014, but has failed to meet the timetable for subsequent payments set out under the contract of sale. In accordance with the requirements of the Australian Accounting Standards, the receivable has been reviewed for impairment and a provision equal to the full amount remaining outstanding booked. Notwithstanding, the Group will pursue recovery in full of the amounts outstanding.

The Group is actively involved in the exploration and development of two adjacent gold properties within the Shoal Lake area of Ontario, Canada. Significant previous exploration of the properties culminated in a series of resource estimations and the Group is focussed on building on the historic results to establish itself as a near term gold producer.

The Shoal Lake West property is host to the historic Duport Mine and current Duport Gold Deposit and is the Group's major exploration focus presently. The Duport Mine is a past gold producer and has had significant historical exploration and development, with a database of in excess of 90,000 metres of drilling and 2,900 metres of development across eight (8) levels via decline.

Exploration efforts during the half year primarily involved a desktop review of available date, a field visit, planning of future work programs, and the establishment of working relationships to advance the project.

The Shoal Lake East property is host to the historic Mikado Mine and Cedar Island Mine. All exploration remained suspended during the half-year pending arbitration.

The Brazilian drilling business endured difficult trading conditions during the half year due to low levels of activity within the industry. The significant and prolonged downturn in market activity that took hold approximately 18 months earlier has continued unabated with no current signs to indicate that a turnaround in activity levels will occur in the near term.

**CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the Group's state of affairs occurred during the half-year ended 31 December 2014.

**AFTER BALANCE DATE EVENTS**

There are no matter or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods other than the following:

- During January 2015, the Group received approximately US$500,000 (A$606,253) in relation to sale of its exploration related interests in the Alta Floresta Belt of Brazil.

**AUDITOR'S DECLARATION OF INDEPENDENCE**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) in relation to the review for the half-year ended 31 December 2014 is set out on page 3.

Signed in accordance with a resolution of the directors, made pursuant to s306(3) of the Corporations Act 2001

Randal Swick

Randal Swick
Managing Director

Perth, 16 March 2015

*Competent Persons Statement*
*The information in this report that relates to exploration results is based on information compiled by Mr Paul Nagerl who is a member of the Association of Professional Geoscientists of Ontario. Mr Nagerl is an executive of Cougar Metals NL and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Nagerl consents to the inclusion in this report of the matters based on information provided by him and in the form and context in which it appears.*

Bentleys
THINKING AHEAD

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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 review of the financial statements of Cougar Metals NL for the half year ended 31 December 2014, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

| | |
|---|---|
| Bentleys | Doug Bell |
| **BENTLEYS** | **DOUG BELL CA** |
| **Chartered Accountants** | **Director** |

Dated at Perth this 16th day of March 2015

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2014

| | Note | Consolidated 31 December 2014 $ | Consolidated 31 December 2013 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| Rendering of services | | **2,350,032** | 2,339,394 |
| Other income | | **103,230** | 10,481 |
| **Revenues** | 2 | **2,453,262** | 2,349,875 |
| **Other expenses** | | | |
| Accounting and audit expenses | | **(5,235)** | (11,630) |
| Corporate expenditure and professional fees | | **(369,799)** | (302,211) |
| Depreciation expense | 3 | **(339,796)** | (521,498) |
| Doubtful debts expense | | **(10,623)** | (134,329) |
| Drilling related expenses | | **(2,293,706)** | (2,592,559) |
| Finance costs | 3 | **(95,097)** | (27,343) |
| Impairment of Assets | 3 | **(1,671,419)** | - |
| Occupancy expenses | | **(73,997)** | (72,556) |
| Office administration expenses | | **(14,581)** | (14,280) |
| Other expenses from ordinary activities | | **(173,724)** | (192,204) |
| **Loss from continuing operations before income tax** | | **(2,594,715)** | (1,518,735) |
| Income tax expense | | **-** | - |
| **Loss from continuing operations after income tax** | | **(2,594,715)** | (1,518,735) |
| **Discontinued operations** | | | |
| Profit/(loss) from discontinued operations after income tax | | **-** | 53,048 |
| **Loss for the period** | | **(2,594,715)** | (1,465,687) |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to Profit or Loss:* | | | |
| Exchange differences arising on translation of foreign operations | | **619,659** | 24,395 |
| **Total comprehensive income/(loss) for the period** | | **(1,975,056)** | (1,441,292) |
| Basic and diluted earnings/(loss) per share | | **(0.39)** | (0.22) |
| Basic and diluted earnings/(loss) per share from continuing operations (cents per share) | | **(0.39)** | (0.23) |

The accompanying notes form part of these financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
# AS AT 31 DECEMBER 2014

| | Note | Consolidated 31 December 2014 $ | Consolidated 30 June 2014 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 4 | **302,594** | 752,458 |
| Trade and other receivables | 5 | **1,118,342** | 2,029,407 |
| Inventories | | **238,729** | 383,373 |
| Other assets | | **101,334** | 58,092 |
| **Total Current Assets** | | **1,760,999** | 3,223,330 |
| **Non-Current Assets** | | | |
| Investments | | **2,055** | 2,055 |
| Trade and other receivables | | **-** | 435,400 |
| Property, plant and equipment | 6 | **757,190** | 848,949 |
| Exploration and evaluation expenditure | 7 | **593,178** | 432,307 |
| **Total Non-Current Assets** | | **1,352,423** | 1,718,711 |
| **TOTAL ASSETS** | | **3,113,422** | 4,942,041 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | | **830,208** | 962,272 |
| Provisions | | **1,547,085** | 1,375,445 |
| Loans and borrowings | 8 | **256,037** | 149,176 |
| | | **2,633,330** | 2,486,893 |
| **TOTAL LIABILITIES** | | **2,633,330** | 2,486,893 |
| **NET ASSETS** | | **480,092** | 2,455,148 |
| **EQUITY** | | | |
| Issued capital | 9 | **26,676,661** | 26,676,661 |
| Foreign exchange reserve | | **246,406** | (373,253) |
| Other reserve | | **-** | 370,200 |
| Accumulated losses | | **(26,442,975)** | (24,218,460) |
| **TOTAL EQUITY** | | **480,092** | 2,455,148 |

The accompanying notes form part of these financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE HALF YEAR ENDED 31 DECEMBER 2014

| | Issued Capital | Accumulated Losses | Foreign Exchange Reserve | Share-based Payment Reserve | Total Equity |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Balance at 1 July 2013** | **26,676,661** | **(26,020,762)** | **(183,720)** | **706,266** | **1,178,445** |
| Profit for the period | - | (1,465,687) | - | - | **(1,465,687)** |
| Foreign currency translation | - | - | 24,395 | - | **24,395** |
| Total comprehensive income for the period | - | (1,465,687) | 24,395 | - | **(1,441,292)** |
| Expiry of Options | - | 336,066 | - | (336,066) | **-** |
| **Balance at 31 December 2013** | **26,676,661** | **(27,150,383)** | **(159,325)** | **370,200** | **(262,847)** |
| **Balance at 1 July 2014** | **26,676,661** | **(24,218,460)** | **(373,253)** | **370,200** | **2,455,148** |
| Loss for the period | - | (2,594,715) | - | - | **(2,594,715)** |
| Foreign currency translation | - | - | 619,659 | - | **619,659** |
| Total comprehensive income for the period | - | (2,594,715) | 619,659 | - | **(1,975,056)** |
| Reclassification of reserve to accumulated losses | - | 370,200 | - | (370,200) | **-** |
| **Balance at 31 December 2014** | **26,676,661** | **(26,442,975)** | **246,406** | **-** | **480,092** |

The above statement should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE HALF YEAR ENDED 31 DECEMBER 2014

| | Note | Consolidated 31 December 2014 $ | Consolidated 31 December 2013 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | **2,459,397** | 2,838,939 |
| Payments to suppliers and employees | | **(2,682,378)** | (3,811,569) |
| Interest received | | **10,351** | 9,414 |
| Interest paid | | **(17,589)** | (39,907) |
| Net cash (used in) operating activities | | **(230,219)** | (1,003,123) |
| **Cash flows from investing activities** | | | |
| Payment for plant and equipment | | **(255,525)** | (8,868) |
| Payment for investments | | **-** | (2,055) |
| Proceeds from sale of plant and equipment | | **57,396** | 40,239 |
| Payments for exploration and evaluation | | **(128,377)** | |
| Proceeds from sale of mining tenements | | **-** | 258,436 |
| Net cash from / (used in) investing activities | | **(326,506)** | 287,752 |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | (76,105) | (231,870) |
| Proceeds from loans | | 182,966 | |
| Net cash from / (used in) financing activities | | **106,861** | (231,870) |
| Net (decrease) in cash and cash equivalents | | **(449,864)** | (947,241) |
| Cash and cash equivalents at 1 July | | **752,458** | 1,293,767 |
| **Cash and cash equivalents at 31 December** | 4 | **302,594** | 346,526 |

The accompanying notes form part of these financial statements

## 1a. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

**Corporate Information**
The condensed consolidated financial report of the Group for the half year ended 31 December 2014 was authorised for issue in accordance with a resolution of directors on 16 March 2015. Cougar Metals NL is a no liability company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors Report.

**Statement of Compliance**
This half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 'Interim Financial Reporting'. This half year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Cougar Metals NL and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during and since the end of the half-year.

**Basis of Preparation**
The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half year, which include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to AASB136 – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
  - Part A: 'Annual Improvements 2010 – 2012 and 2011 – 2013 Cycles'
  - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
  - Part C: 'Materiality'
- Interpretation 21 'Levies'

The adoption of the above standards have not had a material impact on this half year financial report.

**1b. GOING CONCERN**

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

The Group incurred a loss for the half year of $2,594,715 (31 December 2013: Loss $1,465,687), experienced net cash outflows from operating activities of $230,219 (31 December 2013: net cash outflows of $1,003,123). At 31 December 2014, the Group had a deficiency in net current assets of $872,331.

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The directors have taken the following steps to ensure the Group continues as a going concern.

- The Company has ceased providing financial support to its wholly owned Uruguayan subsidiary Palinir S.A. ("Palinir"). Palinir has liabilities of $1,215,711 and has no financial ability to settle this obligation without financial support of the Company.

- Deferral of all discretionary expenditure.

The ability of the Group to continue as a going concern is principally dependent upon (i) the receipt of monies due under the sale of its interest in Cougar Brasil Mineracao Ltda, (ii) that no significant liabilities will revert to the Company relating to Palinir, and (iii) that its wholly owned Brazilian subsidiary Geologica Sondagens Ltda operates predominantly self-sufficiently, with only modest financial support. Should the above not be achieved, the Company may be required to raise funds from equity markets or other sources. The directors have prepared a cash flow forecast for the period 12 months from the date of this report which indicates that the current cash resources will be sufficient to meet expected cash outgoings without the raising of additional capital provided that the outstanding moneys are received from the sale of its interest in Cougar Brasil Mineracao Ltda. Based on the cash flow forecast, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the Group not receive in full the proceeds from sale of its interest in Cougar Brasil Mineracao Ltda, there is a material uncertainty whether the Group will be able to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The half year financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

| | Consolidated 31 December 2014 $ | Consolidated 31 December 2013 $ |
|---|---|---|
| **2. REVENUE** | | |
| **(a) Revenue and income** | | |
| Sales revenue from drilling operations | **2,350,032** | 2,339,394 |
| Interest received | **10,351** | 9,414 |
| Other revenue | **92,879** | 1,067 |
| | **2,453,262** | 2,349,875 |

**(b) Seasonality of operations**

During the months of December, January, and part of February, exploration activity in Brazil is limited due to the onset of the wet season. Depending on the level of rainfall during the wet season and the timing of that rainfall, conditions may allow for or delay the recommencement of exploration activity from late February. Contract drilling continues during the wet season however, productivity can be affected by the difficult weather conditions.

**3. EXPENSES**

Loss before tax is arrived after charging the following expenses:

| | Consolidated 31 December 2014 $ | Consolidated 31 December 2013 $ |
|---|---|---|
| (a) Depreciation | | |
| Depreciation expense | **339,796** | 521,498 |
| (b) Finance costs | | |
| Interest expense | **95,097** | 27,343 |
| (c) Impairment of Assets | | |
| Impairment expense (d) | **1,671,419** | - |

**(d) Impairment of Receivable**

Impairment expense relates to the raising of a provision for non-recovery in relation to the sale of the Group's interests in Cougar Brasil Mineracao Ltda. During the half year, an impairment expense of $1,671,419 was booked; such that as at 31 December 2014 the receivable of $1,761,419 has been fully provided for.

| | Consolidated 31 December 2014 $ | Consolidated 30 June 2014 $ |
|---|---|---|
| **4. CASH AND CASH EQUIVALENTS** | | |

For the purposes of the cash flow statement, cash and cash equivalents are comprised of the following:

| | Consolidated 31 December 2014 $ | Consolidated 30 June 2014 $ |
|---|---|---|
| Cash at bank and in hand | **268,166** | 718,029 |
| Short term deposits | **34,428** | 34,429 |
| | **302,594** | 752,458 |

**Non-cash financing and investing activities**

There were no non-cash financing and investing activities during the period.

| | Consolidated 31 December 2014 $ | Consolidated 30 June 2014 $ |
|---|---|---|
| **5. TRADE AND OTHER RECEIVABLES** | | |
| **Current** | | |
| Trade Receivables | **502,970** | 842,261 |
| Other Receivables | **150,611** | 166,111 |
| Consideration receivable from discontinued operation (i) | **2,367,951** | 1,429,855 |
| Provision of impairment | **(1,903,190)** | (408,820) |
| | **1,118,342** | 2,029,407 |
| **Non-Current** | | |
| Trade Receivables | **-** | 435,400 |
| | - | 435,400 |

(i) The Group disposed of its interests in the Alta Floresta Project in Brazil pursuant to three separate sale agreements in November 2013. Following the receipt of US$500,000 (~A$606,532) in January 2015, two of the three agreements are now complete. The remaining agreement relates to the sale of the Group's interests in Cougar Brasil Mineracao Ltda, inclusive of remaining tenements. As at 31 December A$1,761,419 is outstanding in relation to the sale of the Group's interests in Cougar Brasil Mineracao Ltda and has been fully provided for.

| | Consolidated 31 December 2014 $ | Consolidated 30 June 2014 $ |
|---|---|---|
| **6. PROPERTY PLANT AND EQUIPMENT** | | |
| Opening written down value at beginning of period | **848,949** | 2,544,639 |
| Cost of assets acquired | **255,525** | 10,504 |
| Book value of assets disposed of | **(7,488)** | (245,726) |
| Depreciation expense | **(339,796)** | (928,204) |
| Impairment loss | **-** | (532,264) |
| | **757,190** | 848,949 |
| **7. EXPLORATION AND EVALUATION EXPENDITURE** | | |
| Balance at beginning of period | **432,307** | 150,096 |
| Exploration expenditure capitalised | **160,871** | 282,211 |
| | **593,178** | 432,307 |

| | Consolidated 31 December 2014 $ | Consolidated 30 June 2014 $ |
|---|---|---|
| **8. LOANS AND BORROWINGS** | | |
| **Current** | | |
| Hire purchase liabilities – secured | **73,071** | 149,176 |
| Loan from director related entity – unsecured (i) | **182,966** | - |
| | **256,037** | 149,176 |

(i) Moneys were advanced by Randal Swick and are repayable on demand and non-interest bearing

## 9. ISSUED CAPITAL

| | 31 December 2014 | | 30 June 2014 | |
|---|---|---|---|---|
| | No. | $ | No. | $ |
| **Issued Capital** | | | | |
| Ordinary shares - fully paid | **665,268,524** | **26,673,235** | 665,268,524 | 26,673,235 |
| Contributing shares | **3,425,725** | **3,426** | 3,425,725 | 3,426 |
| | **668,694,249** | **26,676,661** | 668,694,249 | 26,676,661 |

## 10. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The entity's primary segments are two businesses, being drilling operations and mineral exploration and resource development.

Drilling operations consist 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 solely in Brazil. 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 half year ended 31 December 2014 the Group operated in the following Geographic Segments: Australia, Brazil, Uruguay and Canada. (2013: 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.

*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 item*s
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

**(a) Business and geographical segments**

| | Australia Admin, Exploration & Evaluation $ | Brazil Exploration & Evaluation $ | Brazil Drilling Operations $ | Canada Exploration & Evaluation $ | Uruguay Drilling Operations $ | Total Operations $ |
|---|---|---|---|---|---|---|
| **31 December 2014** | | | | | | |
| **Revenue (6 months)** | | | | | | |
| Sales to customers | - | - | 2,350,032 | - | - | **2,350,032** |
| Finance revenue | 501 | - | 9,839 | 11 | - | **10,351** |
| Other | 38,654 | - | 54,225 | - | **-** | **92,879** |
| **Segment revenue** | **39,155** | **-** | **2,414,096** | **11** | **-** | **2,453,262** |
| **Segment profit/(loss)** | **(2,091,196)** | **-** | **(199,192)** | **(123,855)** | **(180,472)** | **(2,594,715)** |
| **Assets and liabilities** | | | | | | |
| Segment assets | 745,951 | - | 1,669,801 | 697,670 | - | 3,113,422 |
| Segment liabilities | (258,679) | - | (1,102,091) | (60,090) | (1,212,470) | (2,633,330) |
| **Segment net assets** | **487,272** | **-** | **567,710** | **637,580** | **(1,212,470)** | **480,092** |
| **Addition of non-current assets** | - | - | 255,525 | - | - | 255,525 |
| **Depreciation** | 99,175 | - | 240,621 | - | | 339,796 |
| **Impairment** | 1,671,419 | - | - | - | | 1,671,419 |

| | Australia Admin, Exploration & Evaluation $ | Brazil Exploration & Evaluation $ | Brazil Drilling Operations $ | Canada Exploration & Evaluation $ | Uruguay Drilling Operations $ | Total Operations $ |
|---|---|---|---|---|---|---|
| **31 December 2013** | | | | | | |
| **Revenue (6 months)** | | | | | | |
| Sales to customers | - | - | 2,339,394 | - | - | 2,339,394 |
| Gain on sale of mining tenements | - | 1,787,912 | - | - | - | 1,787,912 |
| Finance revenue | 9,414 | - | - | - | - | 9,414 |
| Other | 1,067 | - | - | - | - | 1,067 |
| **Segment revenue** | 10,481 | 1,787,912 | 2,339,394 | - | - | 4,137,787 |
| **Segment profit/(loss)** | **(551,470)** | **53,048** | **(758,190)** | **(153,876)** | **(55,199)** | **(1,465,687)** |
| **30 June 2014** | | | | | | |
| **Assets and liabilities** | | | | | | |
| Segment assets | 2,226,568 | - | 2,064,472 | 583,584 | 67,417 | 4,942,041 |
| Segment liabilities | (195,391) | - | (1,282,046) | (19,277) | (990,179) | (2,486,893) |
| **Segment net assets / (liabilities)** | **2,031,177** | **-** | **782,426** | **564,307** | **(922,762)** | **2,455,148** |
| Addition of non-current assets | 1,637 | - | 8,867 | - | - | 10,504 |
| Depreciation | (409,530) | - | (477,254) | - | (13,147) | (899,931) |
| Impairment | (17,032) | - | (515,232) | - | - | (532,264) |

## 11. COMMITMENTS

**Minimum Expenditure Commitments**

The consolidated entity has minimum expenditure obligations relating to its Australian tenements of $53,800 (30 June 2014: $53,800).

Payment due under option agreement to acquire 100% in Duport Gold Project (referred to as "Shoal Lake West"):

| | Consolidated 31 December 2014 $ |
|---|---|
| < 1 year | 638,000 |
| 1 – 5 years | 5,768,000 |
| | 6,406,000 |

The option agreement entered into with Kenora Prospectors & Miners, Limited in January 2013 is currently suspended pending arbitration. Accordingly, there are no commitments recorded against this agreement.

## 12. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 31 December 2014. There has been no change in contingent liabilities since the last annual reporting date.

## 13. EVENTS SUBSEQUENT TO REPORTING DATE

There are no matter or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods other than the following:

- During January 2015, the Group received approximately US$500,000 (~A$610,523) in relation to sale of its exploration related interests in the Alta Floresta Belt of Brazil.

## 14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of those which are measured at amortised cost including trade and other receivables, other payables, and interest bearing loans and borrowings. The carrying amount of these financial assets and liabilities approximate their fair value.

## 15. RELATED PARTY TRANSACTIONS

During the period, Randal Swick ( Chairman and Managing Director) provided a short term non-interest bearing loan of A$182, 966.

# DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cougar Metals NL, we declare that:

In the opinion of the directors:

a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 200*1, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year then ended; and

   (ii) comply with Accounting Standard AASB 134*: Interim Financial Reporting and the Corporations Regulations 2001*; and

b) subject to the satisfactory achievement of the matters described in note 1(b), there are reasonable grounds to believe that the company will be able to pay its debts when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Board

Randal Swick

Randal Swick
Managing Director

Perth, 16 March 2015

Bentleys
THINKING AHEAD

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# Independent Auditor's Review Report

## To the Members of Cougar Metals NL

We have reviewed the accompanying half-year financial report of Cougar Metals NL ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

### Directors Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## Independence

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

## Conclusion

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

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

## Emphasis of Matter

Without qualifying our conclusion, we draw attention to note 1 of the half-year financial report which indicates that the Consolidated Entity incurred a net loss of $2,594,715 during the half-year ended 31 December 2014. This condition, along with other matters as set forth in note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

Bentleys

**BENTLEYS**
**Chartered Accountants**

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

Dated at Perth this 16th day of March 2015