



**COUGAR METALS NL  
AND CONTROLLED ENTITIES**

**ABN 27 100 684 053**

**ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

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**Directors**

Randal Swick  
David Symons  
Michael Fry

**Company Secretary**

Michael Fry

**Registered Office**

Level 1, 35 Havelock St  
West Perth, Western Australia 6005

**Auditors**

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

**Home Securities Exchange**

ASX Limited  
Exchange Plaza  
2 The Esplanade  
Perth, Western Australia 6000

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**Share Registry**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
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## **DIRECTORS' REPORT**

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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 2015.

### **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 ( <i>appointed 27 November 2014</i> ) and Managing Director |
| Roger Hussey | Non-Executive Chairman ( <i>resigned 27 November 2014</i> )          |
| Michael Fry  | Executive Director ( <i>appointed 13 October 2014</i> )              |
| David Symons | Non-Executive Director ( <i>appointed 31 August 2015</i> )           |
| Paul Hardie  | Non-Executive Director ( <i>resigned 31 August 2015</i> )            |

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**

Michael Fry was appointed Company Secretary on 5 August 2011. Michael holds a Bachelor of Commerce degree from University of Western Australia and has worked in accounting and advisory roles for over 20 years. Michael is currently a non-executive director of VDM Group Ltd and Company Secretary of Globe Metals and Mining Limited.

### **PRINCIPAL ACTIVITIES**

During the financial year, the Company's activities were focussed on the advancement of its Shoal Lake Gold Project in Ontario (Canada), and the provision of mineral drilling services to exploration and mining companies in Brazil.

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

- i) compilation and review of available historical data relating to the Shoal Lake Gold Project; geological assessment and investigation;
- ii) arbitration in order to resolve concerns in relation to the option agreement with Kenora Prospectors and Miners Limited in relation to the Shoal Lake East Gold Project; and
- ii) the provision of mineral drilling services to exploration and mining companies in Brazil through wholly owned subsidiary GeoLogica Sondagens Ltda.

### **OPERATING RESULTS**

The Statement of Profit or Loss and Other Comprehensive Income shows revenue from ordinary activities for the Group for the year ended 30 June 2015 of \$3,886,659 (2014: \$4,133,656).

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 2015 of \$4,363,092 (2014 net profit: \$1,466,236).

The net assets of the Consolidated Entity as at 30 June 2015 were \$(1,931,661) (2014: \$2,455,148).

**DIVIDENDS PAID OR RECOMMENDED**

The Directors recommend that no dividend be paid for the year ended 30 June 2015.

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

**REVIEW OF OPERATIONS**

**Shoal Lake Gold Project (Canada)**

Overview

During the course of the year ended 30 June 2015, the Group's exploration focus was in advancing its two gold projects (under option) located in the Shoal Lake region of Ontario, Canada. Individually, the projects are referred to in Company reporting as the Shoal Lake East Gold Project and the Shoal Lake West Gold Project.

Subsequent to year end, despite the Group having made numerous presentations to parties in relation to potential investment, development or joint venture of the Shoal Lake West Gold Project, a decision was reached to withdraw from the option to acquire the Shoal Lake West Gold Project.

Accordingly, the Group's remaining interest in the Shoal Lake area lies with Shoal Lake East Gold Project only

*Shoal Lake East Gold Project*

Under the terms of the option agreement entered into with Kenora Prospectors & Miners, Limited (KPM) in January 2013, the Company may exercise its option (and acquire a 51% undivided interest) by ensuring a return to KPM of a minimum of CAD\$ 5.875 million over four (4) years, inclusive of option fees and any profit share from a proposed bulk sample extraction program.

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.

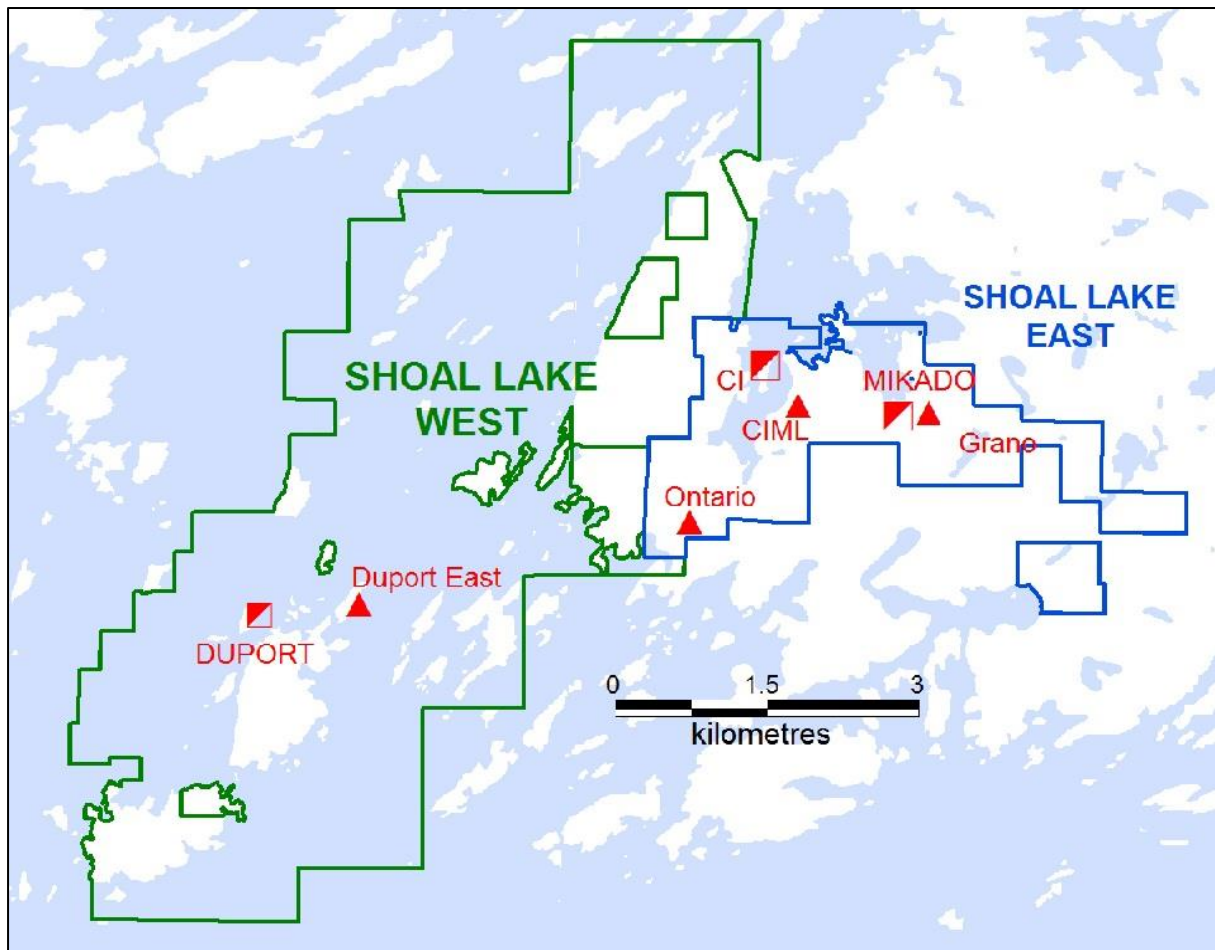
Mining of gold in the Shoal Lake area commenced in 1893 and continued intermittently until 1936. During this period the region was considered Ontario's premier gold district.

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 year round.

The Shoal Lake East Gold Project property comprises patented mining lands, mining leases, mining licences of occupation, staked claims, the Cedar Island Mainland (CIML) gold deposit, the historic gold producers of Mikado and Cedar Island (CI), as well as a number of significant gold occurrences at Ontario and Grano. Surface rights are strategically included.

Exploration Focus

There is considerable historical data in existence for Shoal Lake East Gold Project consisting of drill data, mining plans and exploration reports. The initial exploration focus has been on collating and reviewing all of the available data.



***Outline of Shoal Lake projects properties and main gold occurrences.***

Work Undertaken

*Shoal Lake East Gold Project*

During the 2015 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. That arbitration took place with both parties in attendance and is now concluded subject to the handing down of the final judgement.

As a consequence of the arbitration, work was suspended except for ongoing collation and review of data.

*Shoal Lake West Gold Project*

During the 2015 financial year, the Group progressed with gaining a full understanding of the Project through collation and review of available data, site visits and discussions with regulatory authorities, environmental consultants and first nations people.

The Group made numerous presentations to parties in relation to potential investment, development or joint venture utilising the data it had prepared and its advanced understanding of the Project opportunity.

As reported above, due to a lack of support from investment markets, the Group elected to withdraw from this Project in July 2015.

**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.

This resource is closed off in all directions. There are a set of variable grade versus tonnage figures, but further exploration or drilling will not likely significantly change this overall resource figure in terms of tonnes, grade or contained metal. The Company is investigating all possibilities to advance 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 services to the mining and resources industries.

Activities during FY15

GeoLogica is headquartered in the city of Belo Horizonte, Minas Gerais, Brazil. Since commencing operations in 2007 it has grown its fleet to 9 owned rigs, including 5 diamond, 3 RC and 1 air-core/RAB rig.

Activity in the Brazilian mining industry remained subdued during FY15 principally due to global market conditions. As a consequence, Cougar’s rig fleet in Brazil operated at low levels of utilisation throughout FY15 impacting revenues and profitability.

Depressed commodity prices, local and global market conditions plus uncertainty in the Brazilian mining code have all negatively affected activity levels in Brazil in recent times. Notwithstanding, Brazil remains a large global supplier of mineral commodities and activity levels can be expected to improve once stability and confidence returns to the industry.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

No significant changes in the Group’s state of affairs occurred during the financial year.

**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.

In July 2015, the Company's wholly owned subsidiary Duport Gold Company Limited elected to withdraw from an option agreement to acquire the Shoal Lake West Gold Project. The decision was made as a consequence of the prevailing market conditions and its inability to garner support from investment markets.

On 31 August 2015, Mr David Symons was appointed as a director of Cougar replacing Mr Paul Hardie who resigned.

**FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

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

- 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
- pending the outcome from arbitration, advance and progress its remaining 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 ( <i>appointed 27 November 2014</i> ) 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>Roger Hussey</b>   | Non-Executive Chairman ( <i>resigned 27 November 2014</i> )   |
| Qualifications  | LL.B (Hons), M.A - Oxon (Hons), Stanford Executive Program.   |
| Experience  | Mr Hussey has extensive experience as a Director and Chairperson having chaired publicly-listed companies such as Metro Industries Ltd and Parbury Henty Ltd, and government and community organisations including TAB (WA), Princess Margaret Hospital for Children and the Children's Medical Research Foundation.  |
| Interest in Shares and Options                                      | Nil   |
| Directorships held in other listed entities within past three years | Nil   |
| <b>Paul Hardie</b>  | Non-Executive Director ( <i>resigned 31 August 2015</i> )   |
| Qualifications  | B.Ec. LLB   |
| Experience  | Paul Hardie is a solicitor who specialises in providing corporate and general commercial advice to a number of public and private clients on a wide range of matters. Prior to establishing his own law practice, Mr Hardie gained extensive experience in areas of business management, commercial litigation, property law and mergers and acquisitions.  |
| Interest in Shares and Options                                      | 25,000 contributing shares  |
| Directorships held in other listed entities within past three years | Indago Resources Limited – 15 October 2009 to 23 January 2012   |
| <b>David Symons</b>   | Non-Executive Director ( <i>appointed 31 August 2015</i> )  |
| 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                                      | 54,065 fully paid ordinary shares.  |
| Directorships held in other listed entities within past three years | Nil.  |
| <b>Michael Fry</b>  | Executive Director ( <i>appointed 13 August 2014</i> )  |
| 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. |
| Interest in Shares and Options                                      | 1,462,000 ordinary shares   |
| 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 2015 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 Michael Fry.

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 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.

#### ***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 one Non-Executive Director being David Symons, who receives \$20,000 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.

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 employment is as follows:

- The employment arrangement continues until terminated.  
Fixed Remuneration of \$132,405 per annum (inclusive of statutory superannuation).
- There are no termination benefits at the completion of the contract term. However, if the Company wishes to terminate the contract, other than if Michael Fry was found guilty of any gross misconduct or a serious and persistent breach of the service agreement, the Company is required to pay to Michael Fry that amount which otherwise would have been paid under the service agreement equal to one month in respect of each year of service or six months; whichever the greater.

Paul Nagerl (resigned effective 30 April 2015)

The key terms of Paul Nagerl's engagement was as follows:

- The consulting arrangement continues until terminated.
- Fixed Remuneration of \$192,000 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 Paul Nagerl was found guilty of any gross misconduct or a serious and persistent breach of the service agreement, the Company is required to pay to Paul Nagerl that amount which otherwise would have been paid under the service agreement for a period of three months of service.

Johan Van der Stricht (resigned effective 5 January 2015)

The key terms of Johan Van der Stricht's engagement was as follows:

- The consulting arrangement continues until terminated.
- Fixed Remuneration of A\$192,000 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 Johan Van der Stricht was found guilty of any gross misconduct or a serious and persistent breach of the service agreement, the Company is required to pay to Johan Van der Stricht that amount which otherwise would have been paid under the service agreement for a period of three months of service.

## DIRECTORS' REPORT (CONTINUED)

### Remuneration 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 2015:

|                              | 30 June 2015 | 30 June 2014 | 30 June 2013 | 30 June 2012 | 30 June 2011 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
|                              |              |              | \$           | \$           | \$           |
| Revenue                      | 3,886,659    | 4,133,656    | 7,170,755    | 15,908,737   | 21,803,936   |
| Net profit/(loss) before tax | (4,363,092)  | 1,466,236    | (13,892,204) | (2,083,951)  | 4,045,953    |
| Net profit/(loss) after tax  | (4,363,092)  | 1,466,236    | (13,892,204) | (2,083,951)  | 3,141,799    |

|                                    | 30 June 2015 | 30 June 2014 | 30 June 2013 | 30 June 2012 | 30 June 2011 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Share price at start of year       | \$0.002      | \$0.01       | \$0.05       | \$0.05       | \$0.02       |
| Share price at end of year         | \$0.001      | \$0.002      | \$0.01       | \$0.05       | \$0.05       |
| Dividend                           | -            | -            | -            | -            | -            |
| Basic earnings /(loss) per share   | (\$0.66)     | \$0.002      | (\$0.028)    | (\$0.005)    | \$0.0077     |
| Diluted earnings /(loss) per share | (\$0.66)     | \$0.002      | (\$0.028)    | (\$0.005)    | \$0.0077     |

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 2015

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

| 2015                                   | 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                           | 218,400                      | 15,000        | -                 | -   | -                              | 233,400        | 0%                        |
| Roger Hussey <sup>(i)</sup>            | 9,749                        | -             | -                 | 917   | -                              | 10,666         | 0%                        |
| Paul Hardie <sup>(ii)</sup>            | 36,000                       | -             | -                 | -   | -                              | 36,000         | 0%                        |
| Michael Fry                            | 121,015                      | -             | -                 | 5,207   | -                              | 126,222        | 0%                        |
| Johan Van der Stricht <sup>(iii)</sup> | 180,550                      | -             | -                 | -   | -                              | 180,550        | 0%                        |
| Paul Nagerl <sup>(iv)</sup>            | 176,914                      | 49,978        | -                 | -   | -                              | 226,892        | 0%                        |
|  | <b>742,628</b>               | <b>64,978</b> | <b>-</b>          | <b>6,124</b>  | <b>-</b>                       | <b>813,730</b> | <b>0%</b>                 |

<sup>(i)</sup>: Roger Hussey resigned on 27 November 2014

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

<sup>(iii)</sup>: Johan Van der Stricht resigned effective 5 January 2015

<sup>(iv)</sup>: Paul Nagerl resigned effective 30 April 2015

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.

**Details of Remuneration for the year ended 30 June 2014**

| 2014                            | Short Term Employee Benefits       |               |                          | Post-<br>Employment<br>Benefits | Share<br>Based<br>Payments | Total          | % Options as<br>Compensation |
|---------------------------------|------------------------------------|---------------|--------------------------|---------------------------------|----------------------------|----------------|------------------------------|
|                                 | Salary, Fees<br>and<br>Commissions | Other         | Non-<br>Cash<br>Benefits | Superannuation<br>Contributions | (Options)                  |                |                              |
|                                 | \$                                 | \$            | \$                       | \$                              | \$                         | \$             | %                            |
| <b>Key Management Personnel</b> |                                    |               |                          |                                 |                            |                |                              |
| Randal Swick                    | 196,133                            | 15,000        | -                        | -                               | -                          | 211,133        | 0%                           |
| Roger Hussey                    | 43,936                             | -             | -                        | 4,064                           | -                          | 48,000         | 0%                           |
| Paul Hardie                     | 39,000                             | -             | -                        | -                               | -                          | 39,000         | 0%                           |
| Michael Fry                     | 100,917                            | -             | -                        | 9,083                           | -                          | 110,000        | 0%                           |
| Johan Van Der Stricht           | 174,113                            | -             | -                        | -                               | -                          | 174,113        | 0%                           |
| Paul Nagerl                     | 183,253                            | -             | -                        | -                               | -                          | 183,253        | 0%                           |
|                                 | <b>737,352</b>                     | <b>15,000</b> | <b>-</b>                 | <b>13,147</b>                   | <b>-</b>                   | <b>765,499</b> | <b>0%</b>                    |

**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:

| 2015                                   | Balance at<br>beginning of<br>year | Granted<br>during year as<br>compensation | Balance on<br>resignation | Other<br>changes<br>during year | Balance at<br>end of year |
|--|------------------------------------|---|---------------------------|---------------------------------|---------------------------|
| Roger Hussey                           | -                                  | -   | -                         | -                               | -                         |
| Roger Hussey <sup>(i)</sup>            | -                                  | -   | -                         | -                               | -                         |
| Paul Hardie <sup>(ii)</sup>            | -                                  | -   | -                         | -                               | -                         |
| Michael Fry                            | 15,000,000                         | -   | -                         | 15,000,000                      | -                         |
| Johan Van der Stricht <sup>(iii)</sup> | -                                  | -   | -                         | -                               | -                         |
| Paul Nagerl <sup>(iv)</sup>            | -                                  | -   | -                         | -                               | -                         |

<sup>(i)</sup>: Roger Hussey resigned on 27 November 2014

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

<sup>(iii)</sup>: Johan Van der Stricht was terminated effective 5 January 2015

<sup>(iv)</sup>: Paul Nagerl was terminated effective 30 April 2015

| 2014                  | Balance at<br>beginning of<br>year | Granted<br>during year as<br>compensation | Balance on<br>resignation | Other<br>changes<br>during year | Balance at<br>end of year |
|-----------------------|------------------------------------|---|---------------------------|---------------------------------|---------------------------|
| Roger Hussey          | -                                  | -   | -                         | -                               | -                         |
| Randal Swick          | 3,000,000                          | -   | -                         | (3,000,000)                     | -                         |
| Paul Hardie           | 3,000,000                          | -   | -                         | (3,000,000)                     | -                         |
| Michael Fry           | 15,000,000                         | -   | -                         | -                               | 15,000,000                |
| Johan Van Der Stricht | -                                  | -   | -                         | -                               | -                         |
| Paul Nagerl           | -                                  | -   | -                         | -                               | -                         |

## DIRECTORS' REPORT (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:

| 2015                                   | Balance at beginning of year | Granted during year as compensation | Balance on resignation | Other changes during year | Balance at end of year |
|--|------------------------------|-------------------------------------|------------------------|---------------------------|------------------------|
| Roger Hussey <sup>(i)</sup>            | -                            | -                                   | -                      | -                         | -                      |
| Randal Swick                           | 276,000,000                  | -                                   | -                      | -                         | 276,000,000            |
| Paul Hardie <sup>(ii)</sup>            | 25,000                       | -                                   | -                      | -                         | 25,000                 |
| Michael Fry                            | 1,462,000                    | -                                   | -                      | -                         | 1,462,000              |
| Johan Van der Stricht <sup>(iii)</sup> | -                            | -                                   | -                      | -                         | -                      |
| Paul Nagerl <sup>(iv)</sup>            | -                            | -                                   | -                      | -                         | -                      |

<sup>(i)</sup>: Roger Hussey resigned on 27 November 2014

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

<sup>(iii)</sup>: Johan Van der Stricht was terminated effective 5 January 2015

<sup>(iv)</sup>: Paul Nagerl was terminated effective 30 April 2015

| 2014         | Balance at beginning of year | Granted during year as compensation | Balance on resignation | Other changes during year | Balance at end of year |
|--------------|------------------------------|-------------------------------------|------------------------|---------------------------|------------------------|
| Roger Hussey | -                            | -                                   | -                      | -                         | -                      |
| Randal Swick | 276,000,000                  | -                                   | -                      | -                         | 276,000,000            |
| Paul Hardie  | 25,000                       | -                                   | -                      | -                         | 25,000                 |
| Michael Fry  | 1,462,000                    | -                                   | -                      | -                         | 1,462,000              |
| Paul Nagerl  | -                            | -                                   | -                      | -                         | -                      |

### 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:

| Related entities                                 | Transaction             | 2015    |
|--|-------------------------|---------|
|  |                         | \$      |
| Corporate Management Services LLC – Randal Swick | Director Fees           | 233,400 |
| Hardies Lawyers – Paul Hardie                    | Director Fees           | 36,000  |
| M&A Family Trust - Michael Fry                   | Salary & Directors Fees | 126,222 |
| Corporate Management Services LLC – Marcia Swick | Salary                  | 75,000  |
| Related entities                                 | Transaction             | 2014    |
|  |                         | \$      |
| Corporate Management Services LLC – Randal Swick | Director Fees           | 211,133 |
| Hardies Lawyers – Paul Hardie                    | Director Fees           | 39,000  |
| 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, meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

| <b>Director</b> | <b>Board Meetings</b>            |                        | <b>Audit and Compliance Committee Meetings</b> |                        |
|-----------------|----------------------------------|------------------------|--|------------------------|
|                 | <b>Number Eligible to Attend</b> | <b>Number Attended</b> | <b>Number Eligible to Attend</b>               | <b>Number Attended</b> |
| Roger Hussey    | 1                                | -                      | -  | -                      |
| Randal Swick    | 1                                | 1                      | -  | -                      |
| Paul Hardie     | 1                                | 1                      | 1  | 1                      |
| Michael Fry     | 1                                | 1                      | 1  | 1                      |
| David Symons    | -                                | -                      | -  | -                      |

### **OPTIONS AND RIGHTS HOLDINGS**

During the year, 15,000,000 options expired, details as follows:

- 5,000,000 options held by Michael Fry with an exercise price of \$0.041 expiring on 4 July 2014 lapsed;
- 5,000,000 options held by Michael Fry with an exercise price of \$0.051 expiring on 4 July 2014 lapsed; and
- 5,000,000 options held by Michael Fry with an exercise price of \$0.065 expiring on 4 July 2014 lapsed.

Apart from the above, no options were vested, exercised or lapsed during the year.

There are no options remaining on issue at 30 June 2015.

### **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 (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.

Tycoon Gold Resources Inc has commenced 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. The results of the arbitration are yet to be handed down.

### **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 (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 2015 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 2015

***Competent Persons Statement***

**Mr Paul Payne**

*The information in this report that relates to Mineral Resources of the Pyke Hill Project (Western Australia) has been compiled by Mr Paul Payne. Mr Payne, is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Runge Limited and has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Payne has previously consented to the publishing of this information in the form and context that the information appears.*

**Mr Paul Nagerl**

*The information in this report that relates to geological information, exploration results and historical resource estimates for the Shoal Lake Project (Canada) is based on information compiled by Mr Paul Nagerl and is in the view of Mr Nagerl an accurate representation of the data available for the project. Mr Nagerl Mr Nagerl was, at the time of the compilation of the information, a member of the Association of Professional Geoscientists of Ontario and was at the time of the compilation of the information was engaged on a full time basis as the Company's Exploration Manager through his personal services entity, Nagerl Geological Services Inc. Mr Nagerl is no longer engaged by Cougar Metals NL or its controlled entities. Mr Nagerl 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 has previously consented to the publishing of this information in the form and context that the information appears.*

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 2015, 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 2015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED  
30 JUNE 2015**

|  | Note  | Consolidated<br>2015<br>\$ | Consolidated<br>2014<br>\$ |
|--|-------|----------------------------|----------------------------|
| <b>Continuing operations</b>   |       |                            |                            |
| Revenue  | 2     | 3,713,105                  | 4,121,845                  |
| Finance revenue  |       | 10,819                     | 10,675                     |
| Profit on Sale of Assets   |       | 61,667                     | -                          |
| Other revenue  |       | 101,068                    | 1,136                      |
|  |       | <u>3,886,659</u>           | <u>4,133,656</u>           |
| Accounting and audit expenses  |       | (33,311)                   | (43,962)                   |
| Corporate expenditure and professional fees                                      |       | (963,478)                  | (591,672)                  |
| Depreciation expense   | 3, 13 | (553,312)                  | (899,930)                  |
| Doubtful debts   |       | (1,502,327)                | (277,672)                  |
| Impairment of assets   |       | (519,368)                  | (532,264)                  |
| Operating expenses   |       | (4,915,579)                | (5,310,441)                |
| Finance costs  | 3     | (104,844)                  | (47,166)                   |
| Foreign exchange gain/(loss)   |       | 388,050                    | -                          |
| Office administration expenses   |       | (23,372)                   | (21,824)                   |
| Other expenses from ordinary activities  |       | (22,210)                   | (13,920)                   |
| <b>Loss from continuing operations before income tax</b>                         |       | <u>(4,363,092)</u>         | <u>(3,605,195)</u>         |
| Income tax benefit / (expense)   | 4     | -                          | -                          |
| <b>Loss for the year after income tax from continuing operations</b>             |       | <u>(4,363,092)</u>         | <u>(3,605,195)</u>         |
| <b>Discontinued operations</b>   |       |                            |                            |
| Profit from discontinued operations after tax                                    | 8     | -                          | 5,071,431                  |
| <b>Profit/(Loss) for the year</b>  |       | <u>(4, 363,092)</u>        | <u>1,466,236</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                |       | (23,717)                   | (189,533)                  |
| Other comprehensive expense for the year   |       | (23,717)                   | (189,533)                  |
| <b>Total comprehensive profit/(loss) for the year</b>                            |       | <u>(4,386,809)</u>         | <u>1,276,703</u>           |
| <b>Earnings per share from continuing operations and discontinued operations</b> |       |                            |                            |
| Basic (loss) / earnings per share (cents)  | 7     | (0.66)                     | 0.22                       |
| Diluted (loss) / earnings per share (cents)                                      | 7     | (0.66)                     | 0.22                       |
| <b>Earnings per share from continuing operations</b>                             |       |                            |                            |
| Basic (loss) / earnings per share (cents)  | 7     | (0.66)                     | (0.54)                     |
| Diluted (loss) / earnings per share (cents)                                      | 7     | (0.66)                     | (0.54)                     |

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT**  
**30 JUNE 2015**

|  | Note | Consolidated<br>2015<br>\$ | Consolidated<br>2014<br>\$ |
|--|------|----------------------------|----------------------------|
| <b>ASSETS</b>                          |      |                            |                            |
| <b>Current Assets</b>                  |      |                            |                            |
| Cash and cash equivalents              | 9    | 123,336                    | 752,458                    |
| Trade and other receivables            | 10   | 615,837                    | 2,029,407                  |
| Inventory                              | 11   | 116,583                    | 383,373                    |
| Other current assets                   | 12   | 14,631                     | 58,092                     |
| <b>Total Current Assets</b>            |      | <b>870,387</b>             | 3,223,330                  |
| <b>Non-Current Assets</b>              |      |                            |                            |
| Investments                            |      | -                          | 2,055                      |
| Trade and other receivables            | 10   | -                          | 435,400                    |
| Property, plant and equipment          | 13   | 540,307                    | 848,949                    |
| Exploration and evaluation expenditure | 14   | 160,943                    | 432,307                    |
| <b>Total Non-Current Assets</b>        |      | <b>701,250</b>             | 1,718,711                  |
| <b>Total Assets</b>                    |      | <b>1,571,637</b>           | 4,942,041                  |
| <b>LIABILITIES</b>                     |      |                            |                            |
| <b>Current Liabilities</b>             |      |                            |                            |
| Trade and other payables               | 15   | 1,273,487                  | 962,272                    |
| Provisions                             | 16   | 1,971,107                  | 1,375,445                  |
| Loans and borrowings                   | 17   | 258,704                    | 149,176                    |
| <b>Total Current Liabilities</b>       |      | <b>3,503,298</b>           | 2,486,893                  |
| <b>Total Liabilities</b>               |      | <b>3,503,298</b>           | 2,486,893                  |
| <b>Net Assets</b>                      |      | <b>(1,931,661)</b>         | 2,455,148                  |
| <b>EQUITY</b>                          |      |                            |                            |
| Issued capital                         | 18   | 26,676,661                 | 26,676,661                 |
| Foreign exchange reserve               |      | (396,970)                  | (373,253)                  |
| Other reserve                          | 19   | -                          | 370,200                    |
| Accumulated losses                     |      | (28,211,352)               | (24,218,460)               |
| <b>Total Equity</b>                    |      | <b>(1,931,661)</b>         | 2,455,148                  |

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED  
30 JUNE 2015**

|  | <b>Issued<br/>Capital</b> | <b>Accumulated<br/>Losses</b> | <b>Foreign<br/>Currency<br/>Translation<br/>Reserve</b> | <b>Share Based<br/>Payments<br/>Reserves</b> | <b>Total Equity</b> |
|--|---------------------------|-------------------------------|---|--|---------------------|
|  | \$                        | \$                            | \$  | \$   | \$                  |
| <b>Consolidated</b>                        |                           |                               |   |  |                     |
| <b>Balance at 1 July<br/>2013</b>          | <b>26,676,661</b>         | <b>(26,020,762)</b>           | <b>(183,720)</b>  | <b>706,266</b>                               | <b>1,178,445</b>    |
| Loss for the year                          | -                         | 1,466,236                     | -   | -  | 1,466,236           |
| Foreign currency<br>translation            | -                         | -                             | (189,533)   | -  | (189,533)           |
| Total comprehensive<br>income for the year | -                         | 1,466,236                     | (189,533)   | -  | 1,276,703           |
| Share based payments                       | -                         | 336,066                       | -   | (336,066)                                    | -                   |
| <b>Balance at 30 June<br/>2014</b>         | <b>26,676,661</b>         | <b>(24,218,460)</b>           | <b>(373,253)</b>  | <b>370,200</b>                               | <b>2,455,148</b>    |
| Profit(Loss) for the<br>year               | -                         | (4,363,092)                   | -   | -  | (4,363,092)         |
| Foreign currency<br>translation            | -                         | -                             | (23,717)  | -  | (23,717)            |
| Total comprehensive<br>income for the year | -                         | (4,363,092)                   | (23,717)  | -  | (4,386,809)         |
| Share based payments                       | -                         | 370,200                       | -   | (370,200)                                    | -                   |
| <b>Balance at 30 June<br/>2015</b>         | <b>26,676,661</b>         | <b>(28,211,352)</b>           | <b>(396,970)</b>  | <b>-</b>                                     | <b>(1,931,661)</b>  |

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED  
30 JUNE 2015**

|   | Note | Consolidated<br>2015<br>\$ | Consolidated<br>2014<br>\$ |
|---|------|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |      |                            |                            |
| Receipts from customers                                   |      | 3,815,058                  | 4,480,323                  |
| Payments to suppliers and employees                       |      | (4,866,340)                | (6,359,741)                |
| Miscellaneous income receipts                             |      | 25,478                     | -                          |
| Interest received   |      | 10,819                     | 10,675                     |
| Interest paid   |      | (18,454)                   | (47,552)                   |
| Net cash (used by) / generated by operating activities    | 9a   | <u>(1,033,439)</u>         | <u>(1,916,295)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |      |                            |                            |
| Purchase of investments                                   |      | -                          | (2,055)                    |
| Purchase of plant and equipment                           |      | (256,643)                  | (10,504)                   |
| Proceeds from sale of property, plant and equipment       |      | 73,640                     | 66,784                     |
| Proceeds from sale of mining tenements                    |      | 606,532                    | 1,227,015                  |
| Proceeds from sale of entity                              |      | -                          | 981,133                    |
| Payments for exploration and evaluation                   |      | (145,095)                  | (282,211)                  |
| Net cash (used in) / generated by investing activities    |      | <u>278,434</u>             | <u>1,980,162</u>           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |      |                            |                            |
| Proceeds from loan  |      | 214,343                    | -                          |
| Repayment of borrowings                                   |      | (88,460)                   | (605,176)                  |
| Net cash (used by) / generated by financing activities    |      | <u>125,883</u>             | <u>(605,176)</u>           |
| Cash and cash equivalents at beginning of financial year  |      | 752,458                    | 1,293,767                  |
| Net (decrease)/increase in cash and cash equivalents held |      | <u>(629,122)</u>           | <u>(541,309)</u>           |
| <b>Cash and cash equivalents at end of financial year</b> | 9    | <u>123,336</u>             | <u>752,458</u>             |

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 at Level 1, 35 Havelock 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 2015 was authorised for issue in accordance with a resolution of the directors on 30 September 2015.

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 \$4,363,092 (2014 profit: \$1,466,236) and negative cash flows from operating activities of \$1,033,439 (2014: \$1,916,295) due largely to: (i) difficult trading conditions in its Brazilian contract drilling services business and (i) the impairment of exploration costs capitalised with respect to its Shoal Lake Gold Project.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2015**

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As at 30 June 2015, the Consolidated Entity has a deficiency in net current assets of \$2,632,911 which includes \$123,336 in cash and cash equivalents, \$615,837 in trade receivables and \$3,503,298 in trade payables, other payables, provisions and borrowings.

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 2015 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 Company has ceased providing financial support to its wholly owned Uruguayan subsidiary Palinir S.A. which has external liabilities of \$1.571 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; and
- the Company has received a letter of financial support from Mr Randal Swick (Managing Director), stating that it is his intention to 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, he will not call upon any loans to the Company within 12 months of signing the financial report unless it is demonstrated that the Company has in excess of \$500,000 in cash at bank.

The Directors have prepared a cash-flow forecast for the period ending 30 September 2016 which indicates that the current cash reserves are sufficient through to the end of September 2016 provided that the outstanding amounts receivable totaling \$1,646,772 relating to the sale of mining tenements and the Cougar Mineracao Ltda business are received when expected or within a reasonable timeframe thereafter. As this amount is past due it has been fully provided for in the statement of financial position.

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

1. the receipt of outstanding amounts receivable totaling \$1,646,772 relating to the sale of Cougar Brasil Mineracao Ltda, on a favorable basis to the Group and within an acceptable timeframe;
2. the resolution of the arbitration between Tycoon Gold Resources Inc and Kenora Prospectors & Miners, Limited on a favorable basis to the Group;
3. resolution of outstanding taxation matters on a favorable basis to the Group;
4. the generation of positive cash flows from its contract drilling business in Brazil, including extending existing drilling activity at comparable rates or from the disposal of under-utilised rigs;
5. that no significant liabilities will revert to the Company relating to Palinir S.A; and
6. 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.

**(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.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2015**

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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.

**(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.

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.

**(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.

**(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.

**(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.

**(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.

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.

***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 note 19. 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
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|                                       | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|---------------------------------------|-------------------------------------|-------------------------------------|
| <b>2 Revenue</b>                      |                                     |                                     |
| Services rendered – contract drilling | <b>3,713,105</b>                    | 4,121,845                           |
| Profit on sale of plant and equipment | <b>61,667</b>                       | -                                   |
| Finance revenues                      | <b>10,819</b>                       | 10,675                              |
| Other revenue                         | <b>101,068</b>                      | 1,136                               |
| Total revenue                         | <b>3,886,659</b>                    | 4,133,656                           |

**3 Expenses**

Loss before tax is arrived after charging the following expenses:

|                       |                  |           |
|-----------------------|------------------|-----------|
| (a) Depreciation      |                  |           |
| Depreciation expense  | <b>553,312</b>   | 899,930   |
| (b) Finance costs     |                  |           |
| Interest expense      | <b>104,844</b>   | 47,166    |
| (c) Employee benefits |                  |           |
| Wages and salaries    | <b>1,229,980</b> | 1,430,582 |
| Other                 | <b>367,194</b>   | 352,828   |
|                       | <b>1,597,174</b> | 1,783,410 |

**4 Income tax benefit**

Major components of income tax expense for the years ended 30 June 2015 and 30 June 2014 are:

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

|   |   |   |
|---|---|---|
| Current income                                      |   |   |
| Current income tax charge                           | - | - |
| Deferred income tax                                 | - | - |
| Income tax expense reported in the income statement | - | - |

A reconciliation of income tax expense applicable to accounting (loss) / profit 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 profit/(loss) before tax for the period                         | <b>(4,363,092)</b> | 1,466,236   |
| Income tax expense / (benefit) calculated based on rate of 30% (2014: 30%) | <b>(1,308,928)</b> | 439,871     |
| Add: Non-assessable income   | -                  | (1,709,621) |
| Add: Tax loss not brought to account as a deferred tax asset               | <b>1,308,928</b>   | 1,269,750   |
| Income tax expense recognised in profit or loss                            | -                  | -           |

At reporting date the consolidated entity has unused Australian tax losses of \$13,458,200 (2014: \$9,095,108) 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 FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2015**

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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:

|                       |  |
|-----------------------|--|
| Roger Hussey          | Non-Executive Chairman ( <i>resigned 27 November 2014</i> )              |
| Randal Swick          | Chairman ( <i>appointed 27 November 2014</i> ) Managing Director         |
| Paul Hardie           | Non-Executive Director ( <i>resigned 31 August 2015</i> )                |
| Michael Fry           | Director ( <i>appointed 13 October 2014</i> ), CFO and Company Secretary |
| Johan Van der Stricht | Chief Operating Officer ( <i>resigned effective 5 January 2015</i> )     |
| Paul Nagerl           | Geology Manager ( <i>resigned effective 30 April 2015</i> )              |

**b) Key Management Compensation**

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

|                              | <b>2015</b>    | <b>2014</b> |
|------------------------------|----------------|-------------|
|                              | \$             | \$          |
| Short term employee benefits | <b>807,606</b> | 752,352     |
| Post-employment benefits     | <b>6,124</b>   | 13,147      |
|                              | <b>813,730</b> | 765,499     |

**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>2015</b> |
|--|-------------------------|-------------|
|  |                         | \$          |
| Corporate Management Services LLC – Randal Swick | Director Fees           | 233,400     |
| Hardies Lawyers – Paul Hardie                    | Director Fees           | 36,000      |
| Michael Fry                                      | Salary & Directors Fees | 126,222     |
| Corporate Management Services LLC – Marcia Swick | Salary                  | 75,000      |
|  |                         |             |
| <b>Related entities</b>                          | <b>Transaction</b>      | <b>2014</b> |
|  |                         | \$          |
| Corporate Management Services LLC – Randal Swick | Director Fees           | 211,133     |
| Hardies Lawyers – Paul Hardie                    | Director Fees           | 39,000      |
| Corporate Management Services LLC – Marcia Swick | Salary                  | 75,000      |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2015**

|   | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|---|-------------------------------------|-------------------------------------|
| <b>6 Auditor's remuneration</b>                                       |                                     |                                     |
| Remuneration of the auditor of the parent entity for:                 |                                     |                                     |
| Auditing or reviewing the financial report – Bentleys (WA) Pty Ltd    | 32,237                              | 21,000                              |
| Auditing or reviewing the financial report – Deloitte Touche Tohmatsu | -                                   | 33,075                              |
|   | <u>32,237</u>                       | <u>54,075</u>                       |

**7 Earnings per share**

|  |                           |                           |
|--|---------------------------|---------------------------|
| Profit/(Loss) used in the calculation of earnings per share      | <u>(4,363,092)</u>        | <u>1,466,236</u>          |
|  | <b>2015<br/>No.</b>       | <b>2014<br/>No.</b>       |
| <b>Weighted average number of shares used in calculating EPS</b> | <u><b>665,268,524</b></u> | <u><b>665,268,524</b></u> |

**8 Discontinued Operation – Prior Year**

In the financial year ending 30 June 2014, as a consequence of the Group shifting its exploration focus to Canada, opportunities to divest its interests in the Alta Floresta Project in Brazil were identified and pursued, resulting in the sale of Cougar Brasil Mineracao Ltda (inclusive of its mining tenements and mining plant).

The business was recognised in the 2014 financial year as a discontinued operation as follows:

|   | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|---|-------------------------------------|-------------------------------------|
| <b>Financial performance of discontinued operation</b>            |                                     |                                     |
| <b>Revenues</b>   |                                     |                                     |
| Gain on sale of tenements   | -                                   | 1,756,715                           |
| Gain on sale of entity  | -                                   | 3,942,023                           |
|   | -                                   | <u>5,698,738</u>                    |
| <b>Expenses</b>   |                                     |                                     |
| Corporate expenditure and professional fees                       | -                                   | (47,022)                            |
| Depreciation expense  | -                                   | (28,273)                            |
| Doubtful debts expense  | -                                   | (131,147)                           |
| Operating expenses  | -                                   | (401,016)                           |
| Finance costs   | -                                   | (9,579)                             |
| Office administration expenses                                    | -                                   | (240)                               |
| Other expenses from ordinary activities                           | -                                   | (6,392)                             |
| Exchange differences arising on translation of foreign operations | -                                   | (3,638)                             |
|   | -                                   | <u>(627,307)</u>                    |
| Attributable income tax expense                                   | -                                   | -                                   |
| <b>Profit/(loss) for year from discontinued operations</b>        | -                                   | <u><b>5,071,431</b></u>             |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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|   | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|---|-------------------------------------|-------------------------------------|
| <b>Earnings per share from discontinued operations</b>                              |                                     |                                     |
| Basic, profit/(loss) for the year, from discontinued operations (cents per share)   | -                                   | <b>0.76</b>                         |
| Diluted, profit/(loss) for the year, from discontinued operations (cents per share) | -                                   | <b>0.76</b>                         |
| <b>Assets and liabilities and cash flow information of the disposed entity</b>      |                                     |                                     |
| <i>Assets</i>   | -                                   | -                                   |
| <i>Liabilities</i>  |                                     |                                     |
| Trade creditors and accruals  | -                                   | 1,625,336                           |
|   | <u>-</u>                            | <u>1,625,336</u>                    |
| Net (Liabilities)   | -                                   | (1,625,336)                         |
| <b>Cash flows from discontinued operations</b>                                      |                                     |                                     |
| Net cash outflows from operating activities   | -                                   | (467,887)                           |
| Net cash inflows from investing activities  | -                                   | 2,208,148                           |
| Net cash inflows from financing activities  | -                                   | -                                   |
|   | <u>-</u>                            | <u>1,740,261</u>                    |

|                                    | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|------------------------------------|-------------------------------------|-------------------------------------|
| <b>9 Cash and cash equivalents</b> |                                     |                                     |
| Cash at bank and in hand           | <b>88,907</b>                       | 718,029                             |
| Short-term bank deposits           | <b>34,429</b>                       | 34,429                              |
|                                    | <u><b>123,336</b></u>               | <u>752,458</u>                      |

**a) Reconciliation of cash flow from operations with profit / (loss) after income tax**

|  |                    |                    |
|--|--------------------|--------------------|
| Profit/(Loss) after income tax                     | (4,363,092)        | 1,466,236          |
| Non-cash flows in profit                           |                    |                    |
| Depreciation                                       | 553,312            | 928,204            |
| Doubtful debts                                     | 1,567,395          | 277,672            |
| Impairment expense                                 | 519,368            | 532,264            |
| Provisions   | 235,973            | 458,867            |
| Exchange rate (gain)/loss                          | (388,050)          | (198,635)          |
| Loss/(Profit) on disposal of plant & equipment     | (61,667)           | 178,942            |
| Changes in assets and liabilities                  |                    |                    |
| (Increase)/decrease in trade and other receivables | 281,856            | (3,744,332)        |
| (Increase)/decrease in inventories                 | 266,790            | (225,739)          |
| (Increase)/decrease in other assets                | 43,461             | (47,844)           |
| Increase/(decrease) in trade payables and accruals | 311,215            | (1,541,930)        |
|  | <u>(1,033,439)</u> | <u>(1,916,295)</u> |
| Net cash generated by operating activities         | <u>(1,033,439)</u> | <u>(1,916,295)</u> |

**b) Non-cash financing and investing activities**

There were no non-cash financing and investing activities that occurred during the year.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
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|  | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|--|-------------------------------------|-------------------------------------|
| <b>10 Trade and other receivables</b>                    |                                     |                                     |
| <b>Current</b>   |                                     |                                     |
| Trade Debtors  | <b>699,645</b>                      | 842,261                             |
| Consideration receivable from discontinued operation (d) | <b>1,646,772</b>                    | 1,429,855                           |
| Other Receivables  | <b>255,786</b>                      | 166,111                             |
| Provision for Doubtful Debts                             | <b>(1,986,366)</b>                  | (408,820)                           |
|  | <b>615,837</b>                      | 2,029,407                           |
| <b>Non-Current</b>                                       |                                     |                                     |
| Consideration receivable from discontinued operation (d) | -                                   | 435,400                             |
|  | -                                   | 435,400                             |

- 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 25.
- 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 the full amount of the receivable has been recognised.
- e) Of the year-end total of trade and other receivables of \$615,387 an amount of \$83,191 was past due. There was no impairment of the amount past due of \$83,191 on the basis that the entire \$83,191 has been received subsequent to year end.

|                        | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|------------------------|-------------------------------------|-------------------------------------|
| <b>11 Inventory</b>    |                                     |                                     |
| Consumables            | <b>116,583</b>                      | 383,373                             |
|                        | <b>116,583</b>                      | 383,373                             |
| <b>12 Other assets</b> |                                     |                                     |
| Prepayments            | <b>14,631</b>                       | 58,092                              |
|                        | <b>14,631</b>                       | 58,092                              |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2015**

|   | <b>Consolidated<br/>2015</b> | <b>Consolidated<br/>2014</b> |
|---|------------------------------|------------------------------|
|   | \$                           | \$                           |
| <b>13 Property, plant and equipment</b> |                              |                              |
| Furniture and equipment:                |                              |                              |
| At cost                                 | 7,714                        | 6,596                        |
| Accumulated depreciation and impairment | (5,971)                      | (4,595)                      |
|   | <u>1,743</u>                 | <u>2,001</u>                 |
| Drilling plant and equipment:           |                              |                              |
| At cost                                 | 4,895,425                    | 5,157,083                    |
| Accumulated depreciation and impairment | (4,576,258)                  | (4,461,198)                  |
|   | <u>319,167</u>               | <u>695,885</u>               |
| Other plant and equipment:              |                              |                              |
| At cost                                 | 154,063                      | 535,343                      |
| Accumulated depreciation and impairment | (125,492)                    | (497,854)                    |
|   | <u>28,571</u>                | <u>37,489</u>                |
| Motor vehicles:                         |                              |                              |
| At cost                                 | 536,462                      | 306,168                      |
| Accumulated depreciation and impairment | (345,636)                    | (192,594)                    |
|   | <u>190,826</u>               | <u>113,574</u>               |
|   | <u>540,307</u>               | <u>848,949</u>               |

**Movement in carrying amounts**

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

| <b>Consolidated</b>                | <b>Furniture<br/>and<br/>equipment</b> | <b>Drilling<br/>plant and<br/>equipment</b> | <b>Other plant<br/>and<br/>equipment</b> | <b>Motor<br/>vehicles</b> | <b>Total</b>   |
|------------------------------------|--|---|--|---------------------------|----------------|
|                                    | \$                                     | \$  | \$                                       | \$                        | \$             |
| <b>2015</b>                        |  |   |  |                           |                |
| Balance at the beginning of year   | 2,001                                  | 695,885                                     | 37,489                                   | 113,574                   | 848,949        |
| Additions                          | 1,118                                  | -   | 11,578                                   | 243,947                   | 256,643        |
| Disposals                          | -                                      | -   | -  | (11,973)                  | (11,973)       |
| Impairment                         | -                                      | -   | -  | -                         | -              |
| Depreciation                       | (1,376)                                | (376,718)                                   | (20,496)                                 | (154,722)                 | (553,312)      |
| Carrying amount at the end of year | <u>1,743</u>                           | <u>319,167</u>                              | <u>28,571</u>                            | <u>190,826</u>            | <u>540,307</u> |
| <b>2014</b>                        | \$                                     | \$  | \$                                       | \$                        | \$             |
| Balance at the beginning of year   | 1,704                                  | 1,908,159                                   | 308,389                                  | 326,387                   | 2,544,639      |
| Additions                          | 1,637                                  | -   | 8,867                                    | -                         | 10,504         |
| Disposals                          | -                                      | (6,392)                                     | (163,914)                                | (75,420)                  | (245,726)      |
| Impairment                         | -                                      | (532,264)                                   | -  | -                         | (532,264)      |
| Depreciation                       | (1,340)                                | (673,618)                                   | (115,853)                                | (137,393)                 | (928,204)      |
| Carrying amount at the end of year | <u>2,001</u>                           | <u>695,885</u>                              | <u>37,489</u>                            | <u>113,574</u>            | <u>848,949</u> |

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

- Drilling equipment
- Other plant and equipment

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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|  | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|--|-------------------------------------|-------------------------------------|
| <b>14 Deferred exploration expenditure</b> |                                     |                                     |
| Expenditure brought forward                | 432,307                             | 150,096                             |
| Expenditure incurred during year           | 145,094                             | 282,211                             |
| Expenditure impaired during year           | (416,458)                           | -                                   |
|  | <u>160,943</u>                      | <u>432,307</u>                      |

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.

Subsequent to the end of the financial year a decision was made to withdraw from an option to acquire the Shoal Lake West Gold Project. Accordingly, the costs capitalised in relation to that project of \$416,458 were impaired at 30 June 2015.

|                                    | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|------------------------------------|-------------------------------------|-------------------------------------|
| <b>15 Trade and other payables</b> |                                     |                                     |
| <b>Current</b>                     |                                     |                                     |
| Trade payables                     | 653,963                             | 289,391                             |
| Audit accrual                      | 20,000                              | 20,000                              |
| Other accruals                     | 599,524                             | 652,881                             |
|                                    | <u>1,273,487</u>                    | <u>962,272</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<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|-----------------------|-------------------------------------|-------------------------------------|
| <b>16 Provisions</b>  |                                     |                                     |
| Employee entitlements | 806                                 | 2,248                               |
| Foreign taxes         | 1,970,301                           | 1,373,197                           |
|                       | <u>1,971,107</u>                    | <u>1,375,445</u>                    |

The Provision for Foreign Tax comprises: (i) an amount inclusive of an allowance for interest and penalties of \$430,514 relating to an assessment received which the Company is defending; and (ii) an amount inclusive of an allowance for interest and penalties of \$1,539,787 relating to an estimate of tax payable on a self-assessment basis which the Company considers unlikely to be paid.

The raising of the provisions is considered by the Company to be a prudent measure.

The provisions have been estimated by the Company in accordance with the requirements of Australian Accounting Standards.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
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|   | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|---|-------------------------------------|-------------------------------------|
| <b>17 Loans and borrowings</b>                |                                     |                                     |
| <b>Current</b>                                |                                     |                                     |
| Hire purchase liabilities – secured           | <b>60,716</b>                       | 149,176                             |
| Loans from non-related entities – unsecured   | <b>11,377</b>                       | -                                   |
| Loan from director related entity – unsecured | <b>186,611</b>                      |                                     |
|   | <b>258,704</b>                      | 149,176                             |

Terms and conditions relating to the above financial instruments:

- Hire purchase liabilities generally have a lease term of between 36 and 48 months with the financier having an interest in the asset until the final payment is made. The average interest rate is 7%. Financiers secure their interest by registering a charge over the leased assets.
- 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 it is demonstrated that the Company has in excess of \$500,000 cash at bank.
- Interest rate risk exposure: Details of the Group exposure to interest rate changes on interest bearing liabilities are set out in note 25.
- Fair value disclosures: Details of the fair value of interest bearing liabilities for the Group are set out in note 25.

|   | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|---|-------------------------------------|-------------------------------------|
| <b>18 Issued capital</b>                  |                                     |                                     |
| Ordinary fully paid ordinary shares (a)   | <b>26,673,235</b>                   | 26,673,235                          |
| Contributing shares partly paid to \$0.01 | <b>3,426</b>                        | 3,426                               |
|   | <b>26,676,661</b>                   | 26,676,661                          |

| a)                           | <b>2015<br/>\$</b> | <b>2015<br/>No.</b> | 2014<br>\$ | 2014<br>No. |
|------------------------------|--------------------|---------------------|------------|-------------|
| <b>Ordinary shares</b>       |                    |                     |            |             |
| Balance at beginning of year | <b>26,673,235</b>  | <b>665,268,524</b>  | 26,673,235 | 665,268,524 |
| Balance at end of year       | <b>26,673,235</b>  | <b>665,268,524</b>  | 26,673,235 | 665,268,524 |

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
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**b) Share options**

**2015**

| <b>Date of expiry</b> | <b>Exercise price</b> | <b>Balance at beginning of year</b> | <b>Issued during year</b> | <b>Lapsed during year</b> | <b>Expired during year</b> | <b>Exercised during year</b> | <b>Balance at end of year</b> |
|-----------------------|-----------------------|-------------------------------------|---------------------------|---------------------------|----------------------------|------------------------------|-------------------------------|
| 4 July 2014*          | \$0.041               | 5,000,000                           | -                         | -                         | (5,000,000)                | -                            | -                             |
| 4 July 2014*          | \$0.051               | 5,000,000                           | -                         | -                         | (5,000,000)                | -                            | -                             |
| 4 July 2014*          | \$0.065               | 5,000,000                           | -                         | -                         | (5,000,000)                | -                            | -                             |
|                       |                       | <b>15,000,000</b>                   | <b>-</b>                  | <b>-</b>                  | <b>(15,000,000)</b>        | <b>-</b>                     | <b>-</b>                      |

**2014**

| <b>Date of expiry</b> | <b>Exercise price</b> | <b>Balance at beginning of year</b> | <b>Issued during year</b> | <b>Lapsed during year</b> | <b>Expired during year</b> | <b>Exercised during year</b> | <b>Balance at end of year</b> |
|-----------------------|-----------------------|-------------------------------------|---------------------------|---------------------------|----------------------------|------------------------------|-------------------------------|
| 8 September 2013      | \$0.035               | 6,000,000                           | -                         | -                         | (6,000,000)                | -                            | -                             |
| 4 July 2014*          | \$0.041               | 5,000,000                           | -                         | -                         | -                          | -                            | 5,000,000                     |
| 4 July 2014*          | \$0.051               | 5,000,000                           | -                         | -                         | -                          | -                            | 5,000,000                     |
| 4 July 2014*          | \$0.065               | 5,000,000                           | -                         | -                         | -                          | -                            | 5,000,000                     |
|                       |                       | <b>21,000,000</b>                   | <b>-</b>                  | <b>-</b>                  | <b>(6,000,000)</b>         | <b>-</b>                     | <b>15,000,000</b>             |

\*: the above options were issued in 2011/12 to an employee of the Group pursuant to the Company's Employee Share Option Plan.

**19 Other Reserves**

|                          | <b>Consolidated<br/>2015<br/>\$</b> | <b>Consolidated<br/>2014<br/>\$</b> |
|--------------------------|-------------------------------------|-------------------------------------|
| Share based payments (a) | -                                   | 370,200                             |
|                          | -                                   | 370,200                             |

**a) Share based payments reserve**

Share based payments recognised in Reserves of the Company consists of options granted to certain Directors, employees and consultants of the Company issued pursuant to an Employee Share Option Plan (ESOP). The Black and Scholes Option Valuation model was used in the calculation. The table in b) below reflects the assumptions made in determining the fair value of the options.

During the year, 15,000,000 (2014: 6,000,000) options lapsed and as a result the share based payments reserve attributable to these options was recycled to accumulated losses.

**b) Employee share options**

|                           | <b>2015</b>       | <b>2014</b>       |
|---------------------------|-------------------|-------------------|
| Dividend yield            | 0%                | 0%                |
| Expected volatility       | 90%               | 90%               |
| Risk-free interest rate   | 4.84%             | 4.84%             |
| Expected life of option   | 3 years           | 3 years           |
| Option exercise price     | \$0.041 - \$0.065 | \$0.041 - \$0.065 |
| Share price at grant date | \$0.05            | \$0.05            |
| Fair value at grant date  | \$0.027 - \$0.022 | \$0.027 - \$0.022 |

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**FOR THE YEAR ENDED**  
**30 JUNE 2015**

|   | <b>Consolidated</b> | <b>Consolidated</b> |
|---|---------------------|---------------------|
|   | <b>2015</b>         | <b>2014</b>         |
|   | <b>\$</b>           | <b>\$</b>           |
| <b>20 Capital and leasing commitments</b> |                     |                     |
| <b>Finance leases</b>                     |                     |                     |
| <1 year                                   | <b>60,716</b>       | 160,128             |
| 1 – 5 years                               | -                   | -                   |
| >5 years                                  | -                   | -                   |
| Minimum lease payments                    | <b>60,716</b>       | 160,128             |
| Future finance charges                    | -                   | (10,952)            |
| Lease liability                           | <b>60,716</b>       | 149,176             |
| Comprising:                               |                     |                     |
| Current liability (note 17)               | <b>60,716</b>       | 149,176             |
| Non-Current liability (note 17)           | -                   | -                   |
|   | <b>60,716</b>       | 149,176             |

**Operating lease commitments**

The Group has operating lease commitments of \$nil (2014: \$nil).

**Exploration expenditure obligations**

The Group has minimum expenditure obligations relating to its tenements of \$53,800 (2014: \$53,800).

|  | <b>Consolidated</b> | <b>Consolidated</b> |
|--|---------------------|---------------------|
|  | <b>2015</b>         | <b>2014</b>         |
|  | <b>\$</b>           | <b>\$</b>           |
| <b>Commitments under Option Agreements</b> |                     |                     |
| <1 year                                    | -                   | 397,120             |
| 1 – 5 years                                | -                   | 5,956,800           |
| >5 years                                   | -                   | -                   |
|  | -                   | 6,353,920           |

The option agreement entered into with Kenora Prospectors & Miners, Limited in January 2013 in relation to the Shoal Lake East Gold Project is currently suspended pending arbitration. Accordingly, there are no existing commitments with respect to payments under this option agreement at 30 June 2015.

In July 2015, the Company's wholly owned subsidiary Duport Gold Company Limited elected to withdraw from an option agreement to acquire the Shoal Lake West Gold Project. The decision was made as a consequence of the prevailing market conditions and its inability to garner support from investment markets. Accordingly, there are no existing commitments with respect to payments under this option agreement at 30 June 2015 (30 June 2014: 6,353,920).

## **21 Contingent assets and contingent liabilities**

The Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2015, with the exception of the following.

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. The result of the arbitration is expected to be handed down in the second half of calendar year 2015. No contingent asset or contingent liability has been recognised in relation to this matter at this time.

## **22 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 2015 the consolidated entity operated in the following Geographic Segments: Australia, Brazil, Uruguay and Canada. (2014: 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

*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 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

**(a) Operating segments**

|                                    | <b>Australia<br/>Admin,<br/>Exploration<br/>&amp;<br/>Evaluation</b> | <b>Canada<br/>Exploration<br/>&amp;<br/>Evaluation</b> | <b>Brazil<br/>Drilling<br/>Operations</b> | <b>Uruguay<br/>Drilling<br/>Operations</b> | <b>Total<br/>Operations</b> |
|------------------------------------|--|--|---|--|-----------------------------|
|                                    | \$   | \$   | \$  | \$   | \$                          |
| <b>30 June 2015</b>                |  |  |   |  |                             |
| <b>Revenue</b>                     |  |  |   |  |                             |
| Sales to external customers        | -  | -  | 3,713,105                                 | -  | 3,713,105                   |
| Finance revenue                    | 969  | 12   | 9,838                                     | -  | 10,819                      |
| Other                              | 42,154   | -  | 120,581                                   | -  | 162,735                     |
| Segment revenue                    | <b>43,123</b>  | <b>12</b>  | <b>3,843,524</b>                          | <b>-</b>                                   | <b>3,886,659</b>            |
| Segment (loss) / profit before tax | <b>(2,044,413)</b>   | <b>(848,417)</b>                                       | <b>(1,076,126)</b>                        | <b>(394,136)</b>                           | <b>(4,363,092)</b>          |
| <b>Assets and liabilities</b>      |  |  |   |  |                             |
| Segment assets                     | 63,347   | 253,495  | 1,254,794                                 | -  | 1,571,636                   |
| Segment liabilities                | (487,105)  | (220,684)  | (1,224,853)                               | (1,570,655)                                | (3,503,297)                 |
| Segment net assets / (liabilities) | <b>(423,758)</b>   | <b>32,811</b>  | <b>29,941</b>                             | <b>(1,570,655)</b>                         | <b>(1,931,661)</b>          |
| <b>Movements in assets</b>         |  |  |   |  |                             |
| Addition of plant and equipment    | 1,118  | -  | 255,525                                   | -  | 256,643                     |
| Depreciation expense               | 130,007  | -  | 423,305                                   | -  | 553,312                     |
| Doubtful debts                     | 1,567,395  | -  | -   | -  | 1,567,395                   |
| Impairment                         | -  | 454,300  | -   | -  | 454,300                     |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
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|                                    | <b>Australia<br/>Admin,<br/>Exploration<br/>&amp;<br/>Evaluation</b> | <b>Canada<br/>Exploration<br/>&amp;<br/>Evaluation</b> | <b>Brazil<br/>Drilling<br/>Operations</b> | <b>Uruguay<br/>Drilling<br/>Operations</b> | <b>Total<br/>Operations</b> |
|------------------------------------|--|--|---|--|-----------------------------|
|                                    | \$   | \$   | \$  | \$   | \$                          |
| <b>30 June 2014</b>                |  |  |   |  |                             |
| <b>Revenue</b>                     |  |  |   |  |                             |
| Sales to external customers        | -  | -  | 4,121,845                                 | -  | 4,121,845                   |
| Finance revenue                    | 10,675   | -  | -   | -  | 10,675                      |
| Other                              | 70   | -  | -   | 1,066                                      | 1,136                       |
|                                    | <b>10,745</b>  | <b>-</b>   | <b>4,121,845</b>                          | <b>1,066</b>                               | <b>4,133,656</b>            |
| Segment revenue                    |  |  |   |  |                             |
| Segment (loss) / profit before tax | <b>(1,207,762)</b>   | <b>(231,339)</b>                                       | <b>(2,059,739)</b>                        | <b>(106,355)</b>                           | <b>(3,605,195)</b>          |
| <b>Assets and liabilities</b>      |  |  |   |  |                             |
| Segment assets                     | 2,226,568  | 583,584  | 2,064,472                                 | 67,417                                     | 4,942,041                   |
| Segment liabilities                | (195,391)  | (19,277)   | (1,282,046)                               | (990,179)                                  | (2,486,893)                 |
| Segment net assets / (liabilities) | <b>2,031,177</b>   | <b>564,307</b>   | <b>782,426</b>                            | <b>(922,762)</b>                           | <b>2,455,148</b>            |
| <b>Movements in assets</b>         |  |  |   |  |                             |
| Addition of plant and equipment    | 1,637  | -  | 8,867                                     | -  | 10,504                      |
| Depreciation expense               | 409,530  | -  | 477,254                                   | 13,147                                     | 899,930                     |
| Impairment expense                 | 17,032   | -  | 515,232                                   | -  | 532,264                     |

**Information about major customers**

One customer of the drilling business contributed 56% of income being Beadell Resources Ltd (2014: Beadell contributed 34% of drilling income)

**23 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.

In July 2015, the Company's wholly owned subsidiary Duport Gold Company Limited elected to withdraw from an option agreement to acquire the Shoal Lake West Gold Project. The decision was made as a consequence of the prevailing market conditions and its inability to garner support from investment markets.

On 31 August 2015, Mr David Symons was appointed as director of Cougar Metals NL replacing Mr Paul Hardie who had resigned as a Director effective 31 August 2015.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2015**

**24 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</b> | Consolidated |
|---------------------|--------------|
| <b>2015</b>         | 2014         |
| \$                  | \$           |

The following balances were outstanding with related parties at year end:

|   |                |               |
|---|----------------|---------------|
| Loans from related parties:                       |                |               |
| Advance from Randal Swick <sup>(i)</sup>          | <b>186,611</b> | -             |
| Payable to:                                       |                |               |
| Corporate Management Services LLC <sup>(ii)</sup> | <b>283,812</b> | <b>53,333</b> |
| M&A Family Trust – Michael Fry                    | <b>36,411</b>  | -             |
| Hardies Lawyers – Paul Hardie                     | <b>6,600</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.

(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>2015</b>                 | <b>2014</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%        |

**25 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 17, 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 26.

**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 FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED**  
**30 JUNE 2015**

**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.

| <b>Consolidated<br/>2015</b>       | <b>Weighted<br/>average<br/>effective<br/>interest<br/>rate<br/>%</b> | <b>Floating<br/>interest<br/>rate<br/>\$</b> | <b>Fixed interest rate maturing</b> |                           |                            | <b>Non-<br/>interest<br/>bearing<br/>\$</b> | <b>Total<br/>\$</b> |
|------------------------------------|---|--|-------------------------------------|---------------------------|----------------------------|---|---------------------|
|                                    |   |  | <b>&lt; 1 year<br/>\$</b>           | <b>1 – 5 years<br/>\$</b> | <b>&gt; 5 years<br/>\$</b> |   |                     |
| <b>Financial assets:</b>           |   |  |                                     |                           |                            |   |                     |
| Cash and cash equivalents          | 0.69%   | 88,907                                       | 34,429                              | -                         | -                          | -   | <b>123,336</b>      |
| Trade and other receivables        | -   | -  | -                                   | -                         | -                          | 615,837                                     | <b>615,837</b>      |
| <b>Total financial assets</b>      |   | <b>88,907</b>                                | <b>34,429</b>                       | <b>-</b>                  | <b>-</b>                   | <b>615,837</b>                              | <b>739,173</b>      |
| <b>Financial liabilities:</b>      |   |  |                                     |                           |                            |   |                     |
| Hire Purchase liability            | 7%  | -  | 60,716                              | -                         | -                          | -   | <b>60,716</b>       |
| Loan – non-related entity          | 11%   | -  | 11,377                              | -                         | -                          | -   | <b>11,377</b>       |
| Loan –related entity               | -   | -  | -                                   | -                         | -                          | 186,611                                     | <b>186,611</b>      |
| Trade and other payables           | -   | -  | -                                   | -                         | -                          | 1,273,487                                   | <b>1,273,487</b>    |
| <b>Total financial liabilities</b> |   | <b>-</b>                                     | <b>72,093</b>                       | <b>-</b>                  | <b>-</b>                   | <b>1,460,098</b>                            | <b>1,532,191</b>    |

| <b>Consolidated<br/>2014</b>       | <b>Weighted<br/>average<br/>effective<br/>interest<br/>rate<br/>%</b> | <b>Floating<br/>interest<br/>rate<br/>\$</b> | <b>Fixed interest rate maturing</b> |                           |                            | <b>Non-<br/>interest<br/>bearing<br/>\$</b> | <b>Total<br/>\$</b> |
|------------------------------------|---|--|-------------------------------------|---------------------------|----------------------------|---|---------------------|
|                                    |   |  | <b>&lt; 1 year<br/>\$</b>           | <b>1 – 5 years<br/>\$</b> | <b>&gt; 5 years<br/>\$</b> |   |                     |
| <b>Financial assets:</b>           |   |  |                                     |                           |                            |   |                     |
| Cash and cash equivalents          | 3.24%   | 718,029                                      | 34,429                              | -                         | -                          | -   | <b>752,458</b>      |
| Trade and other receivables        | -   | -  | -                                   | -                         | -                          | 2,464,807                                   | <b>2,464,807</b>    |
| <b>Total financial assets</b>      |   | <b>718,029</b>                               | <b>34,429</b>                       | <b>-</b>                  | <b>-</b>                   | <b>2,464,807</b>                            | <b>3,217,265</b>    |
| <b>Financial liabilities:</b>      |   |  |                                     |                           |                            |   |                     |
| Loan – non-related entity          | 7%  | -  | 149,176                             | -                         | -                          | -   | <b>149,176</b>      |
| Trade and other payables           | -   | -  | -                                   | -                         | -                          | 962,272                                     | <b>962,272</b>      |
| <b>Total financial liabilities</b> |   | <b>-</b>                                     | <b>149,176</b>                      | <b>-</b>                  | <b>-</b>                   | <b>962,272</b>                              | <b>1,111,448</b>    |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2015**

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**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 0.69% to 1.69% 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 2015, 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:

|   | <b>Post tax profit</b>  |              | <b>Other Equity</b>     |              |
|---|-------------------------|--------------|-------------------------|--------------|
|   | <b>higher / (lower)</b> |              | <b>higher / (lower)</b> |              |
|   | <b>2015</b>             | <b>2014</b>  | <b>2015</b>             | <b>2014</b>  |
| Judgements of reasonably possible movements | <b>\$000</b>            | <b>\$000</b> | <b>\$000</b>            | <b>\$000</b> |
| + 1% (100 basis points)                     | 1                       | 7            | -                       | -            |
| - 1% (100 basis points)                     | (1)                     | (7)          | -                       | -            |

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2015**

|   | <b>Parent Entity<br/>2015<br/>\$</b> | <b>Parent Entity<br/>2014<br/>\$</b> |
|---|--------------------------------------|--------------------------------------|
| <b>26 Parent entity disclosures</b>                               |                                      |                                      |
| <b>(a) Financial position</b>                                     |                                      |                                      |
| <b>ASSETS</b>   |                                      |                                      |
| <b>Current Assets</b>   |                                      |                                      |
| Cash and cash equivalents   | 46,559                               | 67,095                               |
| Trade and other receivables                                       | 142,976                              | -                                    |
| Other current assets  | 9,719                                | 13,194                               |
| <b>Total Current Assets</b>                                       | <b>199,254</b>                       | <b>80,289</b>                        |
| <b>Non-Current Assets</b>   |                                      |                                      |
| Trade and other receivables                                       | -                                    | 2,437,514                            |
| Financial assets  | -                                    | 200                                  |
| Property, plant and equipment                                     | 1,743                                | 2,001                                |
| Exploration and evaluation expenditure                            | -                                    | 42,664                               |
| <b>Total Non-Current Assets</b>                                   | <b>1,743</b>                         | <b>2,482,379</b>                     |
| <b>Total Assets</b>   | <b>200,997</b>                       | <b>2,562,668</b>                     |
| <b>LIABILITIES</b>  |                                      |                                      |
| <b>Current Liabilities</b>  |                                      |                                      |
| Trade and other payables  | 405,583                              | 113,820                              |
| Provisions  | 806                                  | 2,248                                |
| Interest bearing loans and borrowings                             | 80,716                               | 79,324                               |
| <b>Total Current Liabilities</b>                                  | <b>487,105</b>                       | <b>195,392</b>                       |
| <b>Total Liabilities</b>  | <b>487,105</b>                       | <b>195,392</b>                       |
| <b>Net Assets</b>   | <b>(286,108)</b>                     | <b>2,367,276</b>                     |
| <b>EQUITY</b>   |                                      |                                      |
| Issued capital  | 26,676,661                           | 26,676,661                           |
| Other reserve   | -                                    | 370,200                              |
| Accumulated losses  | (26,962,769)                         | (24,679,585)                         |
| <b>Total Equity</b>   | <b>(286,108)</b>                     | <b>2,367,276</b>                     |
| <b>(b) Financial performance</b>                                  |                                      |                                      |
| Net profit / (loss) for the year                                  | (2,653,384)                          | (8,955,968)                          |
| Other comprehensive income for the year                           |                                      |                                      |
| Exchange differences arising on translation of foreign operations | -                                    | 2,562                                |
| <b>Total comprehensive result for the year</b>                    | <b>(2, 653,384)</b>                  | <b>(8,953,406)</b>                   |

There were no contingent assets or contingent liabilities existing at year end for the parent entity.

## **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 30<sup>th</sup> day of September 2015

## Independent Auditor's Report

### To the Members of Cougar Metals NL

We have audited the accompanying financial report of Cougar Metals NL ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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### Directors Responsibility 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, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

## Opinion

In our opinion:

- a. The financial report of Cougar Metals NL 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 2015 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(c) in the financial report which indicates that the Consolidated Entity incurred a net loss of \$4,363,092 during the year ended 30 June 2015. This condition, along with other matters as set forth in Note 1(c), 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 financial report.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

## Opinion

In our opinion, the Remuneration Report of Cougar Metals NL for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



**BENTLEYS**  
Chartered Accountants



**DOUG BELL CA**  
Director

Dated at Perth this 30<sup>th</sup> day of September 2015

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 an 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 and Chairman), Michael Fry (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 is considered to be independent as he does 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 FY16 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 29 September 2015**

| No. Securities Held                          | Fully Paid Shares | Listed Options |
|--|-------------------|----------------|
|  | No. Holders       | No. Holders    |
| 1 – 1,000                                    | 73                | -              |
| 1,001 – 5,000                                | 43                | -              |
| 5,001 – 10,000                               | 83                | -              |
| 10,001 – 100,000                             | 377               | -              |
| > 100,001                                    | 306               | -              |
| Total no. holders                            | 882               | -              |
| No. holders of less than a marketable parcel | 576               | -              |
| Percentage of the 20 largest holders         | 74.72%            | -              |
| Total on issue                               | 665,268,524       | -              |

**Substantial shareholders as at 29 September 2015**

|                                  | No. Shares  | %     |
|----------------------------------|-------------|-------|
| SAVVY CAPITAL MANAGEMENT PTY LTD | 138,366,224 | 20.80 |
| SWICK, MARCIA                    | 276,000,000 | 41.49 |

**20 Largest holders of securities at 29 September 2015**

| Fully paid ordinary shares              | No. Shares  | %     |
|---|-------------|-------|
| 1) SWICK, MARCIA                        | 195,000,000 | 29.31 |
| 2) SAVVY CAPITAL MANAGEMENT PTY LTD     | 138,366,224 | 20.80 |
| 3) SWICK, MARCIA                        | 47,239,940  | 7.10  |
| 4) SWICK, MARCIA                        | 32,410,060  | 4.87  |
| 5) JP MORGAN NOMINEES AUSTRALIA         | 15,187,500  | 2.28  |
| 6) MR IANAKI SEMERDZIEV                 | 8,308,000   | 1.25  |
| 7) K & T SWICK PL <K & T SWICK FAM A/C> | 7,659,531   | 1.15  |
| 8) CHEMCO SUPERANNUATION FUND P/L       | 5,625,000   | 0.85  |
| 9) ACVS CAPITAL INVESTMENTS P/L         | 5,340,967   | 0.80  |
| 10) RAMNEG PTY LTD                      | 5,150,000   | 0.77  |
| 11) ZEVA, FRANK                         | 4,615,242   | 0.69  |
| 12) BURTON, JEFFREY JOHN                | 3,712,500   | 0.56  |
| 13) ELLIS, ANTHONY JAMES                | 3,652,500   | 0.55  |
| 14) HARRIS, MICHAEL NEIL                | 3,175,000   | 0.48  |
| 15) LEE, MOOI FAH                       | 3,150,000   | 0.47  |
| 16) TEOFILOVA, LILIANA                  | 3,051,669   | 0.46  |
| 17) HUIZINGA, WAYNE RICHARD             | 2,700,000   | 0.41  |
| 18) KANGSAV PTY LIMITED                 | 2,654,004   | 0.40  |
| 19) WILLIAMSON, DAVID PHILIP            | 2,500,000   | 0.38  |
| 20) CARAOUTZADIS, VASILIS               | 2,308,178   | 0.35  |
|   | 491,806,315 | 73.93 |

**Unlisted options as at 29 September 2015**

There are no unlisted options on issue as at this date.

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

**Voting rights**

The Constitution of the company makes the following provision for voting at general meetings:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

**Restricted securities**

There are no restricted securities or securities subject to voluntary escrow.

**Mining Tenements**

Tenements may be subject to various overlaps, amalgamations and conversions, and native title claims. Pyke Hill (Western Australia)

| <b>Number</b> | <b>Date of Grant</b> | <b>Area in km<sup>2</sup></b> |
|---------------|----------------------|-------------------------------|
| M39/159*      | 30/08/1988           | 5.4                           |

\*: Cougar Metals NL is not the registered holder of tenement M39/159 but holds the Nickel Laterite Rights in relation to M39/159 pursuant to an agreement dated 30 April 2004