COUGAR
METALS NL

ABN 27 100 684 053

HALF-YEAR FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2009

CORPORATE DIRECTORY

DIRECTORS

Randal Swick (Managing Director and Executive Chairman)
Paul Hardie (Non-Executive Director)
Jeff Moore (Non-Executive Director)

SECRETARY

Chris Bossong (Appointed 18 February 2010)
Randal Swick (Appointed 30 November 2009 and resigned 18 February 2010)
Melissa Fry (Resigned 30 November 2009)

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PRINCIPAL OFFICE

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SHARE REGISTRY

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AUDITORS

PKF Chartered Accountants
Level 7, 28 The Esplanade
Perth WA 6000

AUSTRALIAN SECURITIES EXCHANGE

CGM (fully paid ordinary shares)

The Directors of Cougar Metals NL and its subsidiaries ("Cougar" or "Group") present their report for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001 (Cth), the directors report as follows:

DIRECTORS

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

Randal Swick – Managing Director, Executive Chairman
Ian Herbison – Technical Director (resigned 18 February 2010)
Jeff Moore – Non-Executive Director
Paul Hardie – Non-Executive Director (appointed 18 February 2010)

REVIEW OF OPERATIONS

The net loss for the half-year attributable to members of Cougar Metals NL was $2,020,009 (31 December 2008: loss $1,896,169).

During the course of the past six months, the Group has continued to focus on regional exploration and the geological assessment at its Alta Floresta Gold Project in Brazil, and continued to operate and grow its Brazilian contract drilling business, GeoLogica Sondagens Ltda ("GeoLogica").

On the exploration front, Cougar focused its efforts in parallel on target development and target generation programs within the 60,000 ha Apiacas District, one of the three districts of its 160,000 ha Alta Floresta Gold Project. The Company commenced a 3,000m diamond core drilling program in late July to develop its Porto Estrela target, which consists of an area of 6km by 500m. Within the central portion of this area four large garimpos (areas of artisanal gold mining) are located, which have an estimated past gold production of over 1 million of ounces of gold. During the period 125 drill cores, 84 channel samples and 50 grab samples were assayed, with results indicating the presence of two main types of gold mineralisation.

The first, found in drill holes #7 and #8, consists of sections of gold-sulphide dissemination with the best intersections returning 20m @ 0.91g/t Au and 9m @ 7.8g/t Au, including 3m @ 14.7g/t Au. The second, found in drill hole #1, which is younger and structurally controlled, returned the best intersection with 5m @ 2.7g/t Au, including 1m @ 11.1g/t Au. The sulphide-gold dissemination along with high grades of bismuth, tellurium and molybdenum, and lack of base metals confirms the Company's view that the Apiacas District is a potential host for large tonnage/low grade gold deposits genetically linked to the world-wide known Intrusion related gold systems.

The target generation program defined three new high-grade gold and silver areas known as Satelite, Cabeça and Porcao, for which grab samples returned gold and silver averages higher than 10g/t and 100g/t respectively. Overall the results have encouraged the Company to invest in the continued evaluation of the above mentioned targets following the end of the 2010 rainy season.

The drilling business, GeoLogica continued to perform well at full capacity for most of the period and completed the half year with seven drill rigs employed and work in hand exceeding A$3.2m. The Board is pleased with the performance of the drilling division's management in securing new contracts and extending existing contracts throughout the period. The Company continues to remain buoyed with GeoLogica's growth and expansion prospects as it earns a reputation as a quality drilling service provider and has a healthy tender pipeline.

Tragically the period began with a fatal accident on a diamond drill rig operating in the South of Brazil. The Company was in close contact with, and provided support and assistance to the family and work colleagues of the deceased. Management worked closely with the relevant authorities during an investigation of the incident, as well as conducting its own internal investigation. The results of both investigations found that human error was the main cause of the accident. Nonetheless GeoLogica's internal investigation has resulted in procedural changes to avert the occurrence of a similar accident reoccurring.

During the six month period, the Group had funds of $881,425 injected into it by way of debt and equity. In September, Cougar reached an agreement with Mrs Rosanne Swick, Cougar's major shareholder and mother of Managing Director Randal Swick, to advance a further $250,000 in addition to the existing $2.25m secured loan facility in place to support GeoLogica's expansion.

In November, the Company then resolved to undertake a capital raising, consisting of a placement and pro rata 1:1 rights issue at 2.8c ("Rights Issue"), to retire secured debt, assist with the continued growth of GeoLogica, advance the Alta Floresta Gold Project and provide general working capital. Patersons Securities Limited ("Patersons") agreed to act as lead manager to the placement and underwrite the Rights Issue, following which the placement was completed raising $631,425.

In December, Cougar announced that Patersons had elected to exercise its right to terminate the underwriting agreement entered into with the Company with respect to the Rights Issue as a result of a technical breach, being the Company's share price closing under the issue price of 2.8c for the Rights Issue on four occasions during the Rights Issue.

In view of the decision by Patersons, the Company decided to terminate the Rights Issue, and after careful deliberation, and in consultation with Patersons, Cougar resolved to restructure and re-price the right issue, being a pro rata 3:2 rights issue at 2.1c to raise up to $5.4m ("Restructured Rights Issue").

Subsequent to the end of the six month period ending 31 December 2009, the Restructured Rights Issue was completed, raising $4.9m and allowing the company to retire all secured debt and apply the balance of funds to further exploration at its Alta Floresta Gold Project, the importation of its second RC rig from South Africa and provide general working capital.

CHANGES IN STATE OF AFFAIRS

The only significant change in the entity's state of affairs during the half-year ended 31 December 2009 was the appointment of Randal Swick as Company Secretary, following the resignation of Melissa Fry who served this role from the period of 13 January 2009 to 30 November 2009.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) in relation to the review for the half-year ended 31 December 2009 is set out on page 4.

Signed in accordance with a resolution of the directors.

Randal Swick

Randal Swick
Managing Director

Perth, 15 March 2010

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Cougar Metals NL and its controlled entities for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cougar Metals NL and the entities it controlled during the half year.

PKF
Chartered Accountants

Chris Nicoloff
Partner

Dated in Perth, Western Australia on this 15th day of March 2010.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated 31 December 2009 $	Consolidated 31 December 2008 $
Revenue	2	**2,386,804**	2,406,378
Other income	2	**43,464**	191,180
		2,430,268	2,597,558
Other expenses			
Brazilian income taxes deducted		**(167,326)**	(181,877)
Accounting and audit expenses		**(27,755)**	(63,044)
Depreciation expense		**(277,578)**	(193,186)
Exploration costs impaired		**(881,158)**	(1,036,852)
Occupancy expenses		**(77,898)**	(57,099)
Office administration expenses		**(208,473)**	(181,577)
Corporate expenditure and professional fees		**(119,653)**	(245,373)
Drilling expenses		**(2,422,920)**	(2,203,354)
Finance costs	2	**(158,963)**	(147,531)
Other expenses from ordinary activities	2	**(108,553)**	(183,834)
Loss before income tax expense		**(2,020,009)**	(1,896,169)
Income tax expense		**-**	-
Net loss attributable to members of Cougar Metals		**(2,020,009)**	(1,896,169)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**(41,408)**	(56,982)
Total comprehensive income for the period		**(41,408)**	(56,982)
Loss attributable to:			
Owners of the parent		**(2,061,417)**	(1,953,151)
Non-controlling interests		**-**	-
		(2,061,417)	(1,953,151)
Total comprehensive income attributable to:			
Owners of the parent		**-**	-
Non-controlling interests		**-**	-
		-	-
Basic loss per share (cents per share)		**(1.31)**	(1.26)
Diluted loss per share (cents per share)		**(1.31)**	(1.26)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	Consolidated 31 December 2009 $	Consolidated 30 June 2009 $
ASSETS			
Current Assets			
Cash and cash equivalents	3	**247,326**	318,602
Trade and other receivables		**365,828**	535,165
Other assets		**49,202**	12,108
Total Current Assets		**662,356**	865,875
Non-Current Assets			
Plant and equipment		**2,259,149**	2,463,190
Other financial assets		**242,240**	387,240
Exploration and evaluation expenditure	4	**4,642,350**	5,019,978
Total Non-Current Assets		**7,143,739**	7,870,408
TOTAL ASSETS		**7,806,095**	8,736,283
LIABILITIES			
Current Liabilities			
Trade and other payables		**360,336**	187,827
Provisions		**7,930**	20,833
Interest bearing loans and borrowings	5	**3,000,312**	164,139
Total Current Liabilities		**3,368,578**	372,799
Non-Current Liabilities			
Interest bearing loans and borrowings	6	**-**	2,485,621
Total Non-Current Liabilities		**-**	2,485,621
TOTAL LIABILITIES		**3,368,578**	2,858,420
NET ASSETS		**4,437,517**	5,877,863
EQUITY			
Issued capital	7	**15,746,700**	15,125,629
Foreign exchange reserve		**(137,419)**	(96,011)
Other reserve		**229,265**	229,265
Accumulated losses		**(11,401,029)**	(9,381,020)
TOTAL EQUITY		**4,437,517**	5,877,863

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Issued Capital $	Accumulated Losses $	Foreign Exchange Reserve $	Other Reserve $	Total Equity $
Balance at 1 July 2008	13,825,462	(7,178,543)	-	205,588	6,852,507
Securities issued during the period (net of transaction costs)	1,289,772	-	-	-	1,289,772
Total comprehensive income for the period	-	(1,896,169)	(56,982)	-	(1,953,150)
Balance at 31 December 2008	15,115,234	(9,074,712)	(56,982)	205,588	6,189,128
Balance at 1 July 2009	15,125,629	(9,381,020)	(96,011)	229,265	5,877,863
Securities issued during the period (net of transaction costs)	621,071	-	-	-	621,071
Total comprehensive income for the period	-	(2,020,009)	(41,408)	-	(2,061,417)
Balance at 31 December 2009	**15,746,700**	**(11,401,029)**	**(137,419)**	**229,265**	**4,437,517**

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

CONSOLIDATED CASHFLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Consolidated 31 December 2009 $	Consolidated 31 December 2008 $
Cash flows from operating activities		
Receipts from customers	**2,556,140**	2,647,699
Payments to suppliers and employees	**(2,148,139)**	(2,795,340)
Payments for exploration and evaluation of tenements	**(1,219,890)**	(1,222,270)
Interest received	**1,490**	13,390
Interest paid	**(826)**	(28,551)
Net cash (used in) operating activities	**(811,225)**	(1,385,072)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**-**	43,761
Payment for plant and equipment	**(73,538)**	(983,110)
Proceeds from sale of investment	**-**	150,000
Net cash (used in) investing activities	**(73,538)**	(789,349)
Cash flows from financing activities		
Proceeds from issue of securities	**631,426**	1,289,729
Payment of share issue costs	**(10,354)**	-
Proceeds from loan	**250,000**	1,000,000
Repayment of borrowings	**(57,585)**	-
Net cash provided by financing activities	**813,487**	2,289,729
Net increase in cash and cash equivalents	**(71,276)**	115,308
Cash and cash equivalents at beginning of half-year	**318,602**	1,287,340
Cash and cash equivalents at end of half-year	**247,326**	1,402,648

The accompanying notes form part of these financial statements

1. BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the *Corporations Act 2001 (Cth)* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Cougar Metals NL and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2009, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting standards not previously applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements
AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of ‘other comprehensive income’. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Operating Segments
From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group’s chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.

Going Concern

For the period ended 31 December 2009 the consolidated entity incurred a net loss of $2,020,009 (31 December 2008:$1,896,169) and at period end had a consolidated working capital deficit of $2,706,222 (30 June 2009:$493,076 surplus).

During the financial period the Company obtained additional loan funding of $250,000 from Mrs Rosanne Swick, which gave rise to a total liability at 31 December 2009 of $2,893,758, incorporating $158,137 of capitalised interest. The Company also completed a placement during the period raising an additional $631,425.

Subsequent to the period end, the Company was able to raise $4,900,000 of additional funding through a Restructured Rights Issue to be utilised for settlement of the secured debt with Rosanne Swick and for working capital requirements.

The directors have prepared cash flow forecasts to March 2011 which indicates the Group will have sufficient cash resources to meet its commitments over that period.

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

	Consolidated 31 December 2009 $	Consolidated 31 December 2008 $
2. REVENUE, INCOME AND EXPENSES		
(a) Revenue, income and expenses		
Revenue		
Sales revenue from drilling operations	**2,386,804**	2,406,378
Interest received	**1,490**	13,390
Other revenue	**41,974**	177,790
	2,430,268	2,597,558
Finance costs		
Hire purchase	**-**	13,783
Director related entity loan	**158,137**	118,980
Other	**826**	14,768
	158,963	147,531
Other expenses		
Depreciation	**277,578**	193,186
	277,578	193,186

(b) Seasonality of operations

During the months of December, January, and part of February, exploration activity in Brazil was limited due to the onset of the wet season. Depending on the level of rainfall during the wet season and the timing of that rainfall, conditions may allow for or delay the recommencement of exploration activity from late February.

Contract drilling continued during the wet season however, productivity was affected by the difficult weather conditions.

	Consolidated 31 December 2009 $	Consolidated 30 June 2009 $
3. CASH AND CASH EQUIVALENTS		

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

Cash at bank and in hand	**19,916**	318,602
Short term deposits	**196,087**	-
Environmental bond	**31,323**	-
	247,326	318,602

(i) Non-cash financing and investing activities

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

	Consolidated 31 December 2009 $	Consolidated 30 June 2009 $

4. EXPLORATION AND EVALUATION EXPENDITURE

Balance at beginning of period	**5,019,978**	4,120,569
Exploration expenditure capitalised	**503,530**	899,409
Exploration expenditure written off	**(881,158)**	-
	4,642,350	5,019,978

Management assessed the costs capitalised in Cougar Metals NL, along with the option costs capitalised to be fully impaired and thus they were written off during the period.

5. CURRENT LIABILITIES

Hire purchase liabilities (refer note (i))	**106,554**	164,139
Loans repayable (refer note (ii))	**2,893,758**	-
	3,000,312	164,139

(i) Terms and conditions relating to the hire purchase liabilities:

- Hire purchase liabilities generally have a lease term of 18 months with the financier having an interest in the asset until the final payment is made. The average interest rate is 7.95%. Financiers secure their interest by registering a charge over the leased assets.

(ii) The loan from director related entity was fully repaid subsequent to period end, refer to note 11.

Terms and conditions relating to the loan from director related entity:

- The Company may elect to repay all or part of the total debt in cash at any given time on or before 31 December 2010 provided that, if the Company gives notice of its intention to repay all or part of the total debt in this manner, Mrs Swick may elect within 30 days to have some or all of that part of the total debt repaid by the issue of a convertible note to Mrs Swick or her nominee (subject to all necessary shareholder approvals) and the balance (if any) repaid in cash;

- Mrs Swick may elect at any time on or before 31 December 2010 to have all or part of the total debt repaid by the issue of a convertible note to Mrs Swick or her nominee (subject to all necessary shareholder approvals);

- If any portion of the total debt remains outstanding as at 31 December 2010, the Company must repay the outstanding amount in cash by no later than 31 December 2010;

- Interest will accrue on the initial face value of the convertible note (“Note”) at the rate of 12%pa;

- Interest will be capitalised into the outstanding face value of the Note and be payable by the Company to the noteholder on 30 June 2011 or when the Note is either converted or redeemed in full, whichever is the earliest;

- At any time on or before 30 June 2011, the noteholder may elect to convert all or part of the outstanding face value of the Note into Shares at the lesser or $0.10 or 90% of the VWAP over the 10 trading days immediately prior to the relevant conversion date;

5. CURRENT LIABILITIES (Continued)

- The Company may elect to redeem all or part of the Note for cash at any time on or before 30 June 2011 provided that, if the Company gives notice of its intention to redeem all or part of the Note in this manner, the noteholder may elect within 30 days to have some or all of that part of the Note converted into Shares at the lesser of $0.10 or 90% of the VWAP over the 10 trading days immediately prior to the relevant conversion date;

- The noteholder may elect at any time after 31 December 2010 to redeem all or part of the Note for cash by giving the Company 60 days written notice;

- Any portion of the face value of the Note which remains outstanding as at 30 June 2011 must be redeemed for cash by the Company in full by no later than 30 June 2011;

- There are no voting rights attached to the Notes until such time as they are converted into Shares, however, the noteholder will have the same rights as holders of Shares to participate in pro rata issues (including rights issues) and distributions (other than dividend payments) to holders of Shares;

- The Shares issued as a result of a conversion of the Note shall rank equally with all existing Shares on issue in every respect; and

- The Note will be unsecured.

	Consolidated 31 December 2009 $	Consolidated 30 June 2009 $
6. NON-CURRENT LIABILITIES		
Loans repayable	-	2,485,621
	-	2,485,621

At 31 December 2009 this loan to Director related entity is disclosed as current, refer to note 5.

7. ISSUED CAPITAL

	31 December 2009 No.	31 December 2009 $	30 June 2009 No.	30 June 2009 $
Issued Capital				
Ordinary shares - fully paid	**169,464,517**	**15,743,274**	150,339,341	15,122,203
Contributing shares	**3,425,725**	**3,426**	3,425,725	3,426
	172,890,242	**15,746,700**	153,765,066	15,125,629
Movement in ordinary shares				
Balance at the beginning of the period	**150,339,341**	**15,122,203**	85,333,111	13,822,036
Shares issued pursuant to rights issue on 22 December 2008	**-**	**-**	65,006,230	1,300,167
Shares issued pursuant to placement on 25 November 2009	**22,550,901**	**631,426**	-	-
Transactions costs relating to issue of shares	**-**	**(10,355)**	-	-
	172,890,242	**15,743,274**	150,339,341	15,122,203

8. SEGMENT INFORMATION

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

Drilling operations 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 solely in Brazil. This business depends upon the supply and utilisation of drilling rigs, the skills and training of the drilling services personnel and the ability to negotiate the contracts under which these services are provided to customers.

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

During the period ended 31 December 2009 the consolidated entity operated in the following Geographic Segments: Australia and Brazil. (2008: Australia and Brazil).

Basis of accounting for purposes of reporting by operating segments

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

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

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

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

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

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

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

Unallocated 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

8. SEGMENT INFORMATION (Continued)

Comparative information
This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

(a) Business and geographical segments

	Australia Exploration & Evaluation	Brazil Exploration & Evaluation	Brazil Drilling Operations	Total Operations
	$	$	$	$
31 December 2009				
Revenue				
Sales to external customers	-	-	2,386,804	2,386,804
Finance revenue	1,490	-	-	1,490
Other	25,361	-	16,613	41,974
Segment revenue	**26,851**	**-**	**2,403,417**	**2,430,268**
Segment profit/(loss)	**(1,558,690)**	**(258,690)**	**(202,629)**	**(2,020,009)**
Assets and liabilities				
Segment assets	298,839	7,047,058	460,198	7,806,095
Segment liabilities	(3,020,385)	(348,193)	-	(3,368,578)
Segment net assets	**(2,721,546)**	**6,698,865**	**460,198**	**4,437,517**
31 December 2008				
Revenue				
Sales to external customers	-	-	2,406,378	2,406,378
Other	178,623	-	12,558	191,181
Segment revenue	178,623	-	2,418,935	2,597,559
Segment profit/(loss)	(511,942)	(1,236,053)	(148,174)	(1,896,169)
30 June 2009				
Assets and liabilities				
Segment assets	1,259,948	6,901,381	806,154	8,967,484
Segment liabilities	(2,842,758)	(177,268)	(69,594)	(3,089,621)
Segment net assets	(1,582,810)	6,724,113	736,560	5,877,863

9. COMMITMENTS

Minimum Expenditure Commitments

The consolidated entity has minimum expenditure obligations relating to its Australian tenements of $53,800 (30 June 2009: $53,800) and obligations to meet in Brazil in respect of annual rents on granted tenements of $90,886 (30 June 2009: $183,356).

10. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 31 December 2009. There has been no change in liabilities since the last annual reporting date.

11. EVENTS SUBSEQUENT TO REPORTING DATE

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

Subsequent to period end the previously announced Restructured Rights Issue was completed generating $4,900,000 which has allowed the Company to repay in full the secured debt to Rosanne Swick of $2,893,758. The balance of the funds will be applied to further exploration at Alta Floresta Gold Project, the importation of its second RC rig from South Africa and provide general working capital.

DIRECTORS' DECLARATION

The directors of the company declare that:

1) The financial statements and notes set out on pages 5 to 16 are in accordance with the Corporations Act 2001 (Cth), including:

   (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year then ended.

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

This declaration is made in accordance with a resolution of the Board of Directors.

Randal Swick
Managing Director

Perth, 15 March 2010

Chartered Accountants
& Business Advisers

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF COUGAR METALS NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cougar Metals NL which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cougar Metals NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

PKF
Chartered Accountants

Chris Nicoloff
Partner

Dated in Perth, Western Australia on this 15th day of March 2010.