COUGAR
METALS NL

ANNUAL REPORT 2013

CORPORATE DIRECTORY

DIRECTORS

Roger Hussey (Non-Executive Chairman)
Randal Swick (Managing Director)
Paul Hardie (Non-Executive Director)

COMPANY SECRETARY

Michael Fry

REGISTERED OFFICE

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Dear Shareholders,

The 2013 financial year has been a year of challenges and transition for your company, Cougar Metals NL.

Just prior to the 2012 Annual General Meeting, shareholders were informed of the decision to suspend trial mining activities at Ze Vermelho in Brazil. This decision and the reasons underlying it have led to a transitioning of your Company with the exploration focus being shifted from Brazil to Canada and now focussed around the Shoal Lake Gold Project in Ontario, Canada.

As previously reported, significant exploration work was undertaken at Ze Vermelho during the period April 2013 through to October 2013, including surface drilling and geophysical surveying, in addition to the continuation of underground development. Ultimately however, the high-grade gold bearing sulphide rich quartz vein narrowed significantly with depth, which impacted on gold recovery and gave rise to operating losses that could not be sustained. Whilst the surface drilling and geophysical survey had provided evidence of further gold mineralisation beyond the extent of the underground workings, there was insufficient confidence and cash resources to continue to undertake trial mining, and activities were suspended. The mine remains on care and maintenance.

At the start of FY13, an opportunity arose for the Company to acquire an interest in a project in Canada which was significantly more advanced geologically and in a far more stable political, environmental and social environment. After much negotiation, that opportunity was culminated in January 2013 with the Company entering into an option agreement with Kenora Prospectors & Miners, Limited to acquire a 51% interest in its Shoal Lake Gold Project, the terms of which are set out in the Company's announcements at that time.

The Shoal Lake area was at one time the premier gold area in Canada, prior to the identification of Timmins Gold Camp to the north. The Timmins Gold Camp is one of the world's most prolific gold areas having produced in excess of 70 million ounces of gold from over 50 operating mines. The Shoal Lake area itself is home to a number of past producing mines but has not seen much in the way of modern exploration activity in recent times, with much of the focus continuing to be around Timmins.

In the Company's view the Shoal Lake Gold Project provides a large scope with strong near mining potential and excellent logistics. The Company will look to expand its interest in the region.

The exploration efforts on this Project are temporarily suspended whilst the Company seeks arbitration with the vendor to resolve a number of areas of concern; which require resolution at the early stages of the Project.

With the exploration focus now shifted to the Shoal Lake Gold area, the Company is looking to other parties to partner, joint venture or acquire its interests in Alta Floresta, Brazil. It is currently negotiating with a number of parties in this regard.

Utilisation within the Company's drilling services business in Brazil was significantly impacted during the financial year by a general downturn in mining and exploration activity as a consequence of uncertainty in global markets and also the uncertainties surrounding the introduction of a new mining code in Brazil. Brazil is a leading producer of iron ore, bauxite, nickel, manganese and other metals and the Company's drilling services business is well placed to participate in the upswing in activity when Brazil returns to normal levels of mining and exploration activity.

The directors and management are confident that the changed exploration focus will prove to be positive for the Company and will continue to work hard to ensure it's success.

Roger Hussey
Chairman

Operational activities within the Group comprised of the provision of contract drilling services in Brazil and Uruguay, and exploration activities in Australia, Brazil and Canada.

Shoal Lake Gold Project (Canada)

Overview

In late January 2013, the Company executed an option agreement with Kenora Prospectors & Miners, Limited (KPM) to acquire a 51% interest in its Shoal Lake Gold Project located in the Province of Ontario, Canada.

Under the terms of the option agreement, the Company can maintain the option in good standing by:

(a) making quarterly option payments to KPM totalling CAD 875,000 over a 4 year option term as follows:
    i. CAD 125,000 in Year 1;
    ii. CAD 200,000 in Year 2;
    iii. CAD 250,000 in Year 3;
    iv. CAD 300,000 in Year 4; and

(b) completing a bulk sample extraction program during the term of the option agreement whereunder the surplus proceeds are shared on a 50/50 basis between the Company and KPM after reimbursement to the Company of its expenditures.

The Company may exercise its option (and acquire a 51% interest in the Shoal Lake Gold Project) by ensuring a return to KPM of a minimum of CAD 5,875,000, inclusive of the quarterly option fees (described in (a) above) and profit share from the bulk sample extraction program (described in (b) above).

History

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.

KPM's Shoal Lake Gold Project is host to two past producers: the Cedar Island Mine and the Mikado Mine.

Exploration Focus

There is considerable historical data in existence for the Shoal Lake Gold Project consisting of drill data, mining plans and exploration reports. The Company's initial focus is to collate and review all of the available data.

Alta Floresta Project (Brazil)

Overview

The Alta Floresta Project is located within the Southern Amazon Craton in the northern part of Mato Grosso State in central west Brazil. The project comprises three discrete groups of tenements within a 330km long portion of the Alta Floresta gold belt, where government records estimate past production in excess of five million ounces of gold. The tenement groups are located in the Peixoto/Novo Mundo, Paranaita and Apiacas regions respectively.

The project offers potential for discovery of large tonnage, disseminated gold deposits, and high-grade quartz-sulphide vein gold deposits. The potential for large deposits is evidenced by a plus 1 million ounce gold discovery 25km north of Peixoto, and widespread mineralisation occurring across Paranaita and Peixoto.

History

Gold was first discovered in the Alta Floresta mineral province over 30 years ago. Based on government reports, past production within the Alta Floresta Gold Belt is estimated at more than 5 million ounces. Virtually all of this gold was mined from alluvial material or weathered rock, stopping as fresh rock was encountered and gold recovery through gravity methods was no longer effective. Most mining ceased within the top 40m from surface. The main producers of gold in the region were local artisanal miners ("garimpeiros") who worked surface gold rich accumulations in creeks and drainages, and near surface, soft weathered clay rich zones, which yielded coarse gold.

Tenements

Many of the tenements comprising the Alta Floresta Project cover ground within old "Garimpeiro Reserves", and considered some of the most prospective ground in the district. The historical reserves contain areas where much of the historical mining activity has occurred and which were previously set aside and restricted to the exclusive use of garimpeiros.

Exploration Focus

The Company's exploration strategy is to preferentially focus on the identification of prospects and targets likely to represent large tonnage gold deposits or early cashflow opportunities within the Alta Floresta Province.

Exploration Activities for FY13

Cougar's exploration activities at the Alta Floresta Project during the 2013 financial year were predominantly focused on the Ze Vemelho Gold Prospect located within the the Paranaita District, Mato Grosso state, Brazil.

Mining at Ze Vermelho dates back to the early 1980's during the second gold rush in mid-west Brazil. The mining activity started as an open-cut mine to approximately 40 metres depth and moved to underground mining through four timber-lined shafts, which all remain in good condition today. In 2003, a state owned exploration department, estimated that 70,000 ounces of gold had been recovered up to 1996, when mining ceased.

The Company's initial geological and underground investigations of the existing garimpeiro workings at Ze Vermelho included accessing the timber-lined shafts which are developed to a maximum depth of 54 metres and along approximately100 metres of strike.

Those initial investigations showed that the shafts all intercepted a northwest trending sulphide-rich quartz vein up to 1.3 metres wide. Sampling of the exposed vein returned high gold grades of up to 80g/t.

The initial investigations led the Company to commence trial mining at Ze Vermelho with material mined being initially treated by a simple gravity circuit followed at a later date by cyanidation of the tails.

Trial mining activities at Ze Vermelho continued for approximately 2 years, generating approximately $10.4 million from gold sales, but ultimately were suspended due to a narrowing of the sulphide-rich quartz vein which had significantly impacted gold recovery, resulting in operating losses. The decision to suspend trial mining activities at Ze Vermelho was influenced by the fact that significant drilling and geophysical work undertaken in the months prior had failed to clearly identify or delineate extensions of the high grade gold-bearing ore shoot. Ze Vermelho remains on care and maintenance since the suspension of trial mining activities.

Capitalised exploration costs, gold in circuit inventory, and plant and equipment relating to Ze Vermelho were fully impaired at 31 December 2012.

The Company is actively progressing with opportunities for sale, joint venture or partnership of Ze Vermelho.

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

<u>Overview</u>
Cougar, through its two wholly owned contract drilling companies, GeoLogica Sondagens Ltda ("**GeoLogica**") and Palinir S.A. trading as Cougar Drilling Services ("**CDS**"), provides contract drill services in Brazil and Uruguay.

Each of the drilling companies provides rotary air blast ("**RAB**"), reverse circulation ("**RC**") and diamond drilling services to the mining and resources industries.

<u>Activities for FY13</u>

Brazil
GeoLogica is headquartered in the city of Belo Horizonte, Minas Gerais, Brazil. Since commencing operations in 2007 it has grown its fleet to 10 owned rigs, including 5 diamond, 4 RC and 1 RAB rig; incorporating five drilling rigs transferred from Uruguay following a decision to suspend drilling service provision in that country.

Activity in the Brazilian mining industry was severely impacted during FY13 by falling commodity prices and uncertainty surrounding the introduction of a new mining code. As a consequence, Cougar's rig fleet in Brazil operated at low levels of utilisation throughout FY13 impacting revenues and profitability.

A draft of the new mining code was released in June 2013 with a 90 day period for public comment before it is intended to be presented to parliament.

There is considerable speculation about an upswing in activity in the Brazilian mining industry once the new mining code is enacted; however, it is likely that this will very much be dependent upon the general health of commodity and equity markets, and the business confidence within Brazil.

Brazil is one of the world's largest producers of iron ore, bauxite, gold, nickel, manganese and other minerals, and the Group remains confident of an improved outlook once stability and confidence returns to the industry.

Uruguay
In November 2011 Cougar's drilling services business in Uruguay was informed by its principal client of its intention to cease all drilling. It had an immediate and dramatic effect on the business in Uruguay and with little other available work on offer due to the size of the mining industry in Uruguay, the decision was taken to relocate the Company's rigs to Brazil.

The most part of the second half of FY12 was spent in preparing the rigs for importation into Brazil and their despatch. Considerable delays and administration frustrations were incurred in obtaining customs clearance to relocate the rigs into Brazil, only to have experienced delays in clearing customs once arrived in Brazil due to ongoing customs officer strikes.

The drilling rigs finally cleared Brazil customs in October 2012 successfully completing the repatriation process.

Despite the transfer of the drill fleet from Uruguay to Brazil, the Group performed a short term drilling contract generating revenues of approximately A$600,000 for approximately 60 days of work, utilising a hire rig and contract staff.

It remains the intention of the Group to continue to service the Uruguayan mining industry. For this reason the Group will continue to retain an administration presence in Uruguay and to tender for work as opportunities arise.

Competent Persons Statement

The information in this report that relates to Mineral Resources 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 consents to the inclusion in this document of the matters based on his information in the form and context that the information appears.

The information in this report that relates to Exploration Results is based on information compiled by Mr Paul Nagerl who is a member of the Association of Professional Geoscientists of Ontario. Mr Nagerl is an executive of Cougar Metals NL and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Nagerl consents to the inclusion in this report of the matters based on information provided by him and in the form and context in which it appears.

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2013.

DIRECTORS

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

Roger Hussey	Non-Executive Chairman (appointed 24 July 2012)
Randal Swick	Managing Director
Jeffrey Moore	Non-Executive Director (resigned 29 November 2012)
Paul Hardie	Non-Executive Director

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; most recently as Chief Financial Officer of Swick Mining Services Ltd. Michael is currently a non-executive director of VDM Group Ltd.

PRINCIPAL ACTIVITIES

During the financial year, the Company's activities were focussed on the following key areas:

a) evaluation of the Shoal Lake Gold Project in Ontario, Canada following the Company entering into an option agreement in January 2013;

b) ongoing exploration, evaluation and rationalisation of the Alta Floresta Gold Project in Brazil; and

c) the provision of mineral drilling services to exploration and mining companies in Brazil and Uruguay.

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;

ii) trial mining (until its suspension in November 2012) at the Ze Vermelho Gold Prospect, which had involved processing of ore extracted from underground mining, furthering the geological understanding of the prospect; and

iii) the provision of mineral drilling services to exploration and mining companies in Brazil and Uruguay through CGM's wholly owned subsidiaries GeoLogica Sondagens Ltda and Palinir S.A.

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 2013 of $7,170,755 (2012: $15,908,737).

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 2013 of $13,892,204 (2012: $2,083,951).

The net assets of the Consolidated Entity as at 30 June 2013 were $1,178,445 (2012: $13,029,444).

DIVIDENDS PAID OR RECOMMENDED

The Directors recommend that no dividend be paid for the year ended 30 June 2013, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the Group's state of affairs occurred during the financial year other than the following:

- On 14 May, a total of 203,057,448 fully paid ordinary shares were issued at an issue price of 1 cent per share pursuant to a non-renounceable entitlements issue, which raised $2.03 million before costs. Marcia Swick, wife of Managing Director, was underwriter to the entitlements issue, taking up 195,000,000 fully paid ordinary shares (for a total investment of $1.95 million).

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.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The focus of the Group moving forward is to:

- re-establish the full utilisation of its drill rigs in its South American drilling business;
- identify and progress opportunities with parties to sell, partner, or joint venture the Group's interests in its Alta Floresta Gold Project; and
- progress and expand its 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

Roger Hussey	Non-Executive Chairman
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. Mr Hussey is an experienced corporate executive and management consultant having worked for Australia's leading consultancy groups, prior to which he was the Chief Executive of the Century Holdings Ltd Group.
Interest in Shares and Options	Nil
Directorships held in other listed entities within past three years	Mr Hussey has not been a Director of any other listed entities in the past three years.

Randal Swick	Managing Director
Qualifications	B.Eng. (Mech)
Experience	Randal Swick is a mechanical engineer with approximately 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.

Jeffrey Moore	Non-Executive Director (*resigned 29 November 2012*)
Qualifications	B.Sc. MAusIMM
Experience	Jeffrey Moore is a geologist with extensive technical, managerial and project finance experience in exploration and mining for publicly listed companies. During his career, he has generated and managed projects for commodities including precious metals, base metals, diamonds, nickel and industrial minerals throughout Australia, Central and South America, Africa and Asia.
Interest in Shares and Options	2,000,000 ordinary fully paid shares
Directorships held in other listed entities within past three years	Abra Mining Limited – 7 April 2006 to 30 September 2011 Alchemy Resources Limited – 1 December 2010 to 25 November 2011 Riedel Resources Limited – 30 September 2010 to present

Paul Hardie	Non-Executive Director
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 including mergers and acquisitions, initial public offerings and other capital raisings, property law and a variety of Corporations Act and Listing Rules compliance matters. Prior to establishing his own law practice. Paul Hardie gained extensive experience in areas of business management, commercial litigation and property law and was part of the mergers and acquisitions team of a large national law firm.
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

REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for each Director of Cougar Metals NL, and for the executives receiving the highest remuneration.

Remuneration Policy

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 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 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.

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 2013:

	30 June 2013	30 June 2012 $	30 June 2011 $	30 June 2010 $	30 June 2009 $
Revenue	7,170,755	15,908,737	21,803,936	5,649,045	5,471,827
Net (loss)/profit before tax	(13,892,204)	(2,083,951)	4,045,953	(3,858,586)	(2,202,477)
Net (loss)/profit before tax	(13,892,204)	(2,083,951)	3,141,799	(3,858,586)	(2,202,477)

	30 June 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
Share price at start of year	$0.0500	$0.0500	$0.0200	$0.0300	$0.0700
Share price at end of year	$0.0100	$0.0500	$0.0500	$0.0200	$0.0300
Dividend	-	-	-	-	-
Basic (loss)/earnings per share	($0.028)	($0.005)	$0.0077	($0.0126)	($0.0131)
Diluted (loss)/earnings per share	($0.028)	($0.005)	$0.0077	($0.0126)	($0.0131)

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.

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 two Non-Executive Directors being Roger Hussey, who receives $48,000 per annum inclusive of employer statutory superannuation and Paul Hardie, who receives $36,000 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. However due to prevailing market conditions, the Managing Director recommended a review of the remuneration not be undertaken for 30 June 2013.

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 had entered into employment contracts with the following Key Management Personnel:

Randal Swick

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

- The service arrangement continues until terminated.
- Fixed remuneration of $185,000 per annum.
- Remuneration is required to be reviewed every six months by the Remuneration Committee.
- 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 are as follows:

- The employment arrangement continues until terminated.
- Remuneration is required to be reviewed annually by the Remuneration Committee.
- Fixed Remuneration of $110,000 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

The key terms of Paul Nagerl's employment are as follows:

- The consulting arrangement continues until terminated.
- Remuneration is required to be reviewed annually by the Remuneration Committee.
- 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.

Details of Remuneration for the year ended 30 June 2013

The remuneration for each Director and Key Management Personnel of the Group during the year was as follows:

2013	Short Term Employee Benefits			Post Employment Benefits	Share Based Payments (Options)		
	Salary, Fees and Commissions	Other	Non-Cash Benefits	Superannuation Contributions		Total	% Options as Compensation
	$	$	$	$	$	$	%
Key Management Personnel							
Randal Swick	307,917	-	-	-	-	307,917	0%
Roger Hussey*	40,960	-	-	3,240	-	44,200	0%
Jeffrey Moore*	15,000	-	-	1,350	-	16,350	0%
Paul Hardie	33,000	-	-	-	-	33,000	0%
Michael Fry	190,986	-	-	7,569	-	198,555	0%
Paul Nagerl	190,993	-	-	-	-	190,993	0%
	778,856	**-**	**-**	**12,159**	**-**	**791,015**	**0%**

* Roger Hussey was appointed on 24 July 2012; Jeffrey Moore resigned on 29 November 2012.
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.

2012	Short Term Employee Benefits			Post Employment Benefits	Share Based Payments (Options)		
	Salary, Fees and Commissions	Other	Non-Cash Benefits	Superannuation Contributions		Total	% Options as Compensation
	$	$	$	$	$	$	%
Key Management Personnel							
Randal Swick	183,333	-	-	-	-	183,333	0%
Jeffrey Moore	36,000	-	-	1,620	-	37,620	0%
Paul Hardie	36,000	-	-	-	-	36,000	0%
Michael Fry*	201,835	-	-	18,165	370,000	590,000	63%
Jayme Leite	131,283	-	-	-	-	131,283	0%
	588,451	-	-	19,785	370,000	978,236	38%

* appointed 4 July 2011

Options and Rights Holdings

On 29 December 2012, 3,000,000 options held by Mr Jeffrey Moore lapsed as a consequence of his retirement as a director.

Other than above, no options were vested, exercised or lapsed during the year.

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:

	Board Meetings		Audit and Compliance Committee Meetings	
Director	**Number Eligible to Attend**	**Number Attended**	**Number Eligible to Attend**	**Number Attended**
Roger Hussey *	11	11	2	2
Randal Swick	11	11	-	-
Jeffrey Moore	5	5	-	-
Paul Hardie	11	11	2	2

* appointed 24 July 2012

End of Remuneration Report

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year the Company entered into a deed of indemnity, insurance and access with Roger Hussey. The Company has previously entered into deeds of indemnity, insurance and access (**Deeds**) with all other Directors which continue to be relevant. Under these Deeds, the Company agreed to indemnify the Directors (to the maximum extent permitted by the Corporations Act 2001) against any liability incurred by the Directors in their capacity as officers of the Company. The Company is required to maintain insurance policies for the benefit of each Director for the term of the appointment (and for at least 7 years after the Director ceases to be an officer of the Company) and must also allow the Directors to inspect Board papers in certain circumstances. Since the end of the previous financial year, the Company has not paid any insurance premiums in respect of Directors' insurance contracts. The Company has not entered into any agreement to indemnify Deloitte Touche Tohmatsu against any claims by third parties arising from their report on the annual financial report.

OPTIONS

At the date of this report, there were 15,000,000 unlisted options on issue as follows:

- 5,000,000 unlisted options exercisable at $0.041 on or before 4 July 2014;
- 5,000,000 unlisted options exercisable at $0.051 on or before 4 July 2014; and
- 5,000,000 unlisted options exercisable at $0.065 on or before 4 July 2014.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

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 Deloitte Touche Tohmatsu on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

The Board of Directors has considered the position and, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES110, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

Auditor's Declaration of Independence

The auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 17.

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

Randal Swick

Randal Swick
Managing Director

Dated this 27th day of September 2013

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Cougar Metals NL
Suite 32-35, Level 3, 22 Railway Road,
SUBIACO WA 6008

27 September 2013

Dear Board of Directors

Cougar Metals NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Cougar Metals NL.

As lead audit partner for the audit of the financial statements of Cougar Metals NL for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit .

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith

Neil Smith
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Revenue	2	**7,170,755**	15,908,737
Finance revenue		**48,759**	11,892
Other revenue		**139,165**	42,930
		7,358,679	15,963,560
Accounting and audit expenses		**(101,234)**	(167,494)
Corporate expenditure and professional fees		**(599,922)**	(445,831)
Depreciation expense	3, 12	**(1,685,947)**	(1,672,903)
Impairment of assets	9	**(9,927,601)**	-
Impairment of trade receivables	9	**-**	(180,145)
Operating expenses		**(8,754,207)**	(14,741,914)
Finance costs	3	**(75,809)**	(56,962)
Office administration expenses		**(42,594)**	(190,531)
Other expenses from ordinary activities		**(63,568)**	(221,732)
Share based payments expense		**-**	(370,000)
(Loss) before income tax	3	**(13, 892,204)**	(2,083,951)
Income tax benefit / (expense)	4	**-**	-
(Loss) for the year after income tax from continuing operations		**(13, 892,204)**	(2,083,951)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**43,933**	(317,427)
Other comprehensive income/(expense) for the year		**43,933**	(317,427)
Total comprehensive loss for the year		**(13,848,271)**	(2,401,378)
Earnings Per Share			
Basic (loss) / earnings per share (cents)	7	**(2.84)**	(0.50)
Diluted (loss) / earnings per share (cents)	7	**(2.84)**	(0.50)

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT
30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	**1,293,767**	2,009,082
Trade and other receivables	9	**1,206,295**	596,447
Inventory	10	**157,634**	1,820,147
Other current assets	11	**10,248**	44,511
Total Current Assets		**2,667,944**	4,470,187
Non-Current Assets			
Property, plant and equipment	12	**2,544,639**	5,325,154
Exploration and evaluation expenditure	13	**150,096**	7,244,785
Total Non-Current Assets		**2,694,735**	12,569,939
Total Assets		**5,362,679**	17,040,126
LIABILITIES			
Current Liabilities			
Trade and other payables	14	**2,504,202**	1,698,471
Provisions	15	**916,578**	929,117
Interest bearing loans and borrowings	16	**615,517**	657,187
Total Current Liabilities		**4,036,298**	3,284,775
Non-Current Liabilities			
Interest bearing loans and borrowings	16	**147,936**	725,907
Total Non-Current Liabilities		**147,936**	725,907
Total Liabilities		**4,184,234**	4,010,682
Net Assets		**1,178,445**	13,029,444
EQUITY			
Issued capital	17	**26,676,661**	24,679,390
Foreign exchange reserve	18	**(183,720)**	(227,653)
Other reserve	18	**706,266**	759,465
Accumulated losses		**(26,020,762)**	(12,181,758)
Total Equity		**1,178,445**	13,029,444

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share Based Payments Reserves	Total Equity
	$	$	$	$	$
Consolidated					
Balance at 1 July 2011	**20,420,122**	**(10,097,807)**	**89,774**	**389,465**	**10,801,554**
Loss for the year	-	(2,083,951)	-	-	(2,083,951)
Foreign currency translation	-	-	(317,427)	-	(317,427)
Total comprehensive income for the year	-	(2,083,951)	(317,427)	-	(2,401,378)
Share based payments	-	-	-	370,000	370,000
Shares issued during the year	4,479,000	-	-	-	4,479,000
Capital raising costs	(219,732)	-	-	-	(219,732)
Balance at 30 June 2012	**24,679,390**	**(12,181,758)**	**(227,653)**	**759,466**	**13,029,445**
Loss for the year	-	(13,892,204)	-	-	(13,892,204)
Foreign currency translation	-	-	43,933	-	43,933
Total comprehensive income for the year	-	(13,892,204)	43,933	-	(13,848,271)
Share based payments	-	53,200	-	(53,200)	-
Shares issued during the year	2,030,574	-	-	-	2,030,574
Capital raising costs	(33,303)	-	-	-	(33,303)
Balance at 30 June 2013	**26,676,661**	**(26,020,762)**	**(183,720)**	**706,266**	**1,178,445**

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
30 JUNE 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**6,560,906**	17,521,185
Payments to suppliers and employees		**(8,578,883)**	(16,518,522)
Interest received		**48,759**	11,892
Interest paid		**(75,809)**	(56,962)
Net cash (used by) / generated by operating activities	8a	**(2,045,027)**	957,593
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		**(254,346)**	(2,053,280)
Proceeds from sale of property, plant and equipment		**317,791**	-
Payments for exploration and evaluation		**(150,096)**	(1,450,458)
Net cash (used in) investing activities		**(86,651)**	(3,503,738)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of securities		**2,030,574**	4,479,000
Payment of share issue costs		**(33,303)**	(219,732)
Proceeds from loan		**247,723**	450,701
Repayment of borrowings		**(828,630)**	(363,645)
Net cash generated by financing activities		**1,416,364**	4,346,324
Cash and cash equivalents at beginning of financial year	8	**2,009,082**	1,800,179
Net (decrease)/increase in cash and cash equivalents held	8	**(715,315)**	208,903
Cash and cash equivalents at end of financial year	8	**1,293,767**	2,009,082

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 Unit 5, 531 Hay Street, Subiaco 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 2013 was authorised for issue in accordance with a resolution of the directors on 27 September 2013.

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.

(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 generated a loss for the year of $13,892,204 (2012:$2,083,951) and incurred negative cash flows from operating and investing activities of $2,131,678 (2012: $2,545,785).

As at 30 June 2013, the Consolidated Entity has a deficiency in net current assets of $1,368,354 (Company: surplus net current assets of $851,039), which includes $1,293,767 (Company: $1,325,148) in cash and cash equivalents, $1,206,297 (Company: Nil) in trade receivables and $2,504,202 (Company: $184,515) in trade and other payables.

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 2013 and to the date of this report, the directors have taken the following steps to ensure the Company and the Consolidated Entity continues as going concerns:

- The Company has ceased providing financial support to its wholly owned Uruguayan subsidiary Palinir S.A. (Palinir). Palinir has liabilities of $0.995 million and has no financial ability to settle this obligation without financial support of the Company.
- The Company has ceased providing financial support to its wholly owned Brazilian subsidiary Cougar Brasil Mineracao Ltda (Mineracao). Mineracao has liabilities of $1.464 million which it will seek to satisfy from the disposal of assets. In the event that the proceeds from the disposal of assets are insufficient to meet in full its liabilities, Mineracao will have no financial ability to settle this obligation without the financial support of the Company.

The Directors have prepared a cashflow forecast for the period ending 30 September 2014 which indicates that the current cash reserves will not meet expected cash outgoings during the period March 2014 through to the end of September 2014. In accordance with the cashflow forecast, the Consolidated Entity will require approximately $900,000 in order to fund its ongoing operations between March 2014 and the end of September 2014. The directors are currently considering a range of options in relation to the funding requirements identified under the cashflow forecast.

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

1. the generation of positive cash flows from its contract drilling business in Brazil, including extending existing drilling activity at comparable rates;
2. that no significant liabilities will revert to the Company relating to Palinir or Mineracao;
3. the generation of positive cash flows through the successful sale of mining tenements and/or other assets; and
4. obtaining additional funding by March 2014 in the event the above matters are not achieved or are insufficient to satisfy the funding requirements identified in the cashflow forecast.

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.

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

Ore tailings are physically measured or estimated and 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 profit or loss. 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	5 – 10 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 non-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 18. 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.

(x) New accounting standards and interpretations

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 30 June 2013:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures' AASB 9 'Financial Instruments' (December 2010) and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' and AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011), AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014
AASB 2013-3 'Amendments to AASB 136 – recoverable amount disclosures for non-financial assets	1 January 2014	30 June 2015

The amendments are not expected to have a significant impact to the Company.

Application of new and revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

Amendments to AASB 101 ‘Presentation of Financial Statements’	The amendment (part of AASB 2011-9 ‘Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income’ introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.
Amendments to AASB 101 ‘Presentation of Financial Statements’	The amendments (part of AASB 2012-5 ‘Further Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle’) requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position), when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The related notes to the third statement of financial position are not required to be disclosed.

Source: GAAP Holdings (Australia) Limited

Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

	Consolidated 2013 $	Consolidated 2012 $
2 Revenue		
Services rendered – contract drilling	**5,306,094**	10,344,231
Revenue – gold production	**1,864,661**	5,564,507
Total revenue	**7,170,755**	15,908,737

3 Expenses

Loss before tax is arrived after charging the following expenses:

	Consolidated 2013 $	Consolidated 2012 $
(a) Depreciation		
Depreciation expense	**1,685,947**	1,672,903
(b) Finance costs		
Interest expense	**75,809**	56,962
(c) Employee benefits		
Wages and salaries	**2,601,203**	5,100,476
Equity based payments	**-**	370,000
Other	**395,057**	733,274
	2,996,260	6,203,750

4 Income tax benefit

Major components of income tax expense for the years ended 30 June 2013 and 30 June 2012 are:

a) Income tax recognised in profit and loss

	Consolidated 2013 $	Consolidated 2012 $
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 for the years ended 30 June 2013 and 30 June 2012 is as follows:

	Consolidated 2013 $	**Consolidated 2012 $**
Accounting (loss) / profit before tax for the period	**(13,892,204)**	**(2,083,951)**
Income tax rate of 30% (2012: 30%)	**(4,167,661)**	(625,185)
Add:		
Non-deductible expenses	**-**	370,000
Temporary differences not recognised	**-**	5,241
Tax loss not brought to account as a deferred tax asset	**4,167,661**	(329,899)
Utilisation of tax loss not previously recognised	**-**	(136,776)
Recognition of tax loss not previously recognised	**-**	-
Difference in overseas tax rate	**-**	56,821
Income tax expense recognised in profit or loss	**-**	-

At reporting date the consolidated entity has unused tax losses of $10,280,847 (2011: $6,113,186) 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.

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 (*appointed 24 July 2012*)
Randal Swick	Managing Director
Jeffrey Moore	Non-Executive Director (*resigned 29 November 2012*)
Paul Hardie	Non-Executive Director
Michael Fry	Chief Financial Officer and Company Secretary
Paul Nagerl	Geology Manager

b) Key Management Compensation

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

	2013 $	**2012 $**
Short term employee benefits	**778,856**	**588,451**
Post-employment benefits	**12,159**	**19,785**
Equity based payments	**-**	**370,000**
	791,015	**978,236**

c) 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:

2013	**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	3,000,000	-	-	-	3,000,000
Jeffrey Moore	3,000,000	-	-	(3,000,000)	-
Paul Hardie	3,000,000	-	-	-	3,000,000
Michael Fry	15,000,000	-	-	-	15,000,000
Paul Nagerl	-	-	-	-	-

2012	**Balance at beginning of year**	**Granted during year as compensation**	**Balance on resignation**	**Other changes during year**	**Balance at end of year**
Randal Swick	-	3,000,000	-	-	3,000,000
Jeffrey Moore	-	3,000,000	-	-	3,000,000
Paul Hardie	-	3,000,000	-	-	3,000,000
Michael Fry	-	15,000,000	-	-	15,000,000
Jayme Leite	-	-	-	-	-

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:

2013	**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	81,000,000	-	-	195,000,000	276,000,000
Jeffrey Moore	2,000,000	-	2,000,000	-	-
Paul Hardie	25,000	-	-	-	25,000
Michael Fry	1,567,000	-	-	105,000	1,462,000
Paul Nagerl	-	-	-	-	-

2012	**Balance at beginning of year**	**Granted during year as compensation**	**Balance on resignation**	**Other changes during year**	**Balance at end of year**
Randal Swick	33,765,060	-	-	47,239,940	81,000,000
Jeffrey Moore	2,000,000	-	-	-	2,000,000
Paul Hardie	25,000	-	-	-	25,000
Michael Fry	1,567,000	-	-	-	1,567,000
Jayme Leite	-	-	-	-	-

d) 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:

Related entities	**Transaction**	**2013** $
Corporate Management Services LLC – Randal Swick	Provision of consulting services	307,917
Hardies Lawyers – Paul Hardie	Provision of consulting services	33,000

Related entities	**Transaction**	**2012** $
Vedrell Pty Ltd – Randal Swick	Provision of consulting services	60,000
Corporate Management Services LLC – Randal Swick	Provision of consulting services	123,333
Hardies Lawyers – Paul Hardie	Provision of consulting services	36,000

	Consolidated 2013 $	**Consolidated 2012 $**
6 Auditor's remuneration		
Remuneration of the auditor of the parent entity for:		
Auditing or reviewing the financial report – Deloitte Touche Tohmatsu	**58,450**	**49,000**

	2013 $	**2011 $**
7 Earnings per share		
(Loss) used in the calculation of earnings per share	**(13,892,204)**	(2,083,951)

	2013 No.	**2012 No.**
Weighted average number of ordinary shares used in calculating EPS	**488,358,199**	419,179,912
Shares deemed to be issued for no consideration in respect of share options	**-**	15,000,000
Weighted average number of shares used in calculating EPS	**488,358,199**	434,179,912

	Consolidated 2013 $	Consolidated 2012 $
8 Cash and cash equivalents		
Cash at bank and in hand	14,137	174,631
Short-term bank deposits	1,279,630	1,834,451
	1,293,767	2,009,082

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

(Loss) / profit after income tax	(13,892,204)	(2,083,951)
Non-cash flows in profit		
Depreciation	1,685,947	1,672,903
Provision	(12,539)	-
Exchange rate differences	43,933	-
Share based payments	-	370,000
Impairment expense	9,927,601	180,145
(Profit) / Loss on sale/ write-off of property, plant & equipment	(80,543)	109,024
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(609,848)	1,612,447
(Increase)/decrease in inventories	91,363	(1,122,323)
(Increase)/decrease in other assets	34,263	(1,020)
Increase/(decrease) in trade payables and accruals	767,000	220,368
Net cash generated by operating activities	(2,045,027)	957,593

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

9 Trade and other receivables

Current		
Trade Debtors	**1,200,739**	776,592
Provision for Doubtful Debts	**-**	(180,145)
Other Receivables	**5,556**	-
	1,206,295	596,447

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 24.

	Consolidated 2013 $	Consolidated 2012 $
10 Inventory		
Gold in circuit	**1,571,150**	1,571,150
Consumables	**157,634**	248,997
Provision for Impairment	**(1,571,150)**	-
	157,634	1,820,147
11 Other assets		
Prepayments	**4,974**	12,705
Other	**5,274**	31,806
	10,248	44,511

12 Property, plant and equipment	Consolidated 2013 $	Consolidated 2012 $
Property:		
At cost	-	141,278
Accumulated depreciation and impairment	-	(17,638)
	-	123,640
Furniture and equipment:		
At cost	4,959	172,249
Accumulated depreciation and impairment	(3,255)	(165,200)
	1,704	7,049
Drilling plant and equipment:		
At cost	5,259,554	8,160,235
Accumulated depreciation and impairment	(3,351,395)	(3,823,947)
	1,908,159	4,336,289
Leasehold improvements:		
At cost	-	2,454
Accumulated depreciation and impairment	-	(1,878)
	-	576
Other plant and equipment:		
At cost	825,778	902,122
Accumulated depreciation and impairment	(517,389)	(310,795)
	308,389	591,327
Motor vehicles:		
At cost	669,602	921,249
Accumulated depreciation and impairment	(343,215)	(654,976)
	326,387	266,273
	2,544,639	5,325,154

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.

Consolidated 2013	Property $	Furniture and equipment $	Drilling plant and equipment $	Leasehold improvements $	Other plant and equipment $	Motor vehicles $	Total $
Balance at the beginning of year	123,640	7,049	4,336,289	576	591,326	266,274	5,325,154
Additions	-	1,635	754,984	-	80,703	314,045	1,151,367
Disposals/ Write-off	(121,840)	-	(837,050)	-	(69,524)	(105,855)	(1,134,269)
Impairment	-	(4,271)	(1,104,280)	-	(3,115)	-	(1,111,666)
Depreciation	(1,800)	(2,709)	(1,241,784)	(576)	(291,001)	(148,077)	(1,685,947)
Carrying amount at the end of year	**-**	**1,704**	**1,908,159**	**-**	**308,389**	**326,387**	**2,544,639**

Consolidated 2012	Property $	Furniture and equipment $	Drilling plant and equipment $	Leasehold improvements $	Other plant and equipment $	Motor vehicles $	Total $
Balance at the beginning of year	127,878	11295	3,696,519	1,065	267,246	78,021	4,182,024
Additions	-	1,336	2,069,073	-	547,170	307,478	2,925,057
Disposals	-	-	(19,715)	-	(89,309)	-	(109,024)
Depreciation	(4,238)	(5,582)	(1,409,588)	(489)	(133,781)	(119,225)	(1,672,903)
Carrying amount at the end of year	**123,640**	**7,049**	**4,336,289**	**576**	**591,326**	**266,274**	**5,325,154**

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

- Drilling equipment
- Other plant and equipment

13 Deferred exploration expenditure

	Consolidated 2013 $	Consolidated 2012 $
Expenditure brought forward	**7,244,785**	**6,111,755**
Expenditure incurred during year	**150,096**	**1,133,030**
Expenditure impaired during year	**(7,244,785)**	**-**
Expenditure carried forward	**150,096**	**7,244,785**

The impairment of deferred exploration expenditure relating to the Company's Alta Floresta Project is the culmination of a number of factors including:

(a) the suspension of trial mining activities at Ze Vermelho due to concerns over the continuity of the gold mineralisation and the incurring of operating losses;

(b) a shift in exploration focus to the Shoal Lake Gold Project in Canada (as a consequence of an option agreement over that Project being concluded in January 2013) with the Shoal Lake Gold Project considered by the Company's geology team to be more advanced than the Company's prospects within the Alta Floresta Project; and

(c) the likelihood that the Company's limited cash reserves for exploration would be directed towards the Shoal Lake Project in Canada, rather than the Alta Floresta Project.

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. Amortisation of the costs carried forward for the development phase is not being recognised pending the commencement of production.

	Consolidated 2013 $	Consolidated 2012 $
14 Trade and other payables		
Current		
Trade payables	**156,545**	61,834
Audit accrual	**35,000**	35,000
Other accruals	**2,310,695**	1,583,879
Payroll liabilities	**1,962**	17,758
	2,504,202	1,698,471

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

15 Provisions

Employee entitlements	**1,159**	13,699
Foreign taxes	**915,419**	915,419
	916,578	929,117

16 Interest bearing liabilities

Current		
Hire purchase liabilities – secured	**344,995**	**610,435**
Loans from non-related entities – unsecured	**8,018**	**46,752**
Loan from director related entity – unsecured	**262,504**	**-**
	615,517	**657,187**
Non-Current		
Hire purchase liabilities	**147,936**	**261,342**
Loan from director related entity	**-**	**464,565**
	147,936	**725,907**

Terms and conditions relating to the above financial instruments:

- Hire purchase liabilities generally have a lease term of 36 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.
- Interest rate risk exposure: Details of the Group exposure to interest rate changes on interest bearing liabilities are set out in note 24.
- Fair value disclosures: Details of the fair value of interest bearing liabilities for the Group are set out in note 24.

Hire purchase liabilities
Hire purchase liabilities are secured by the asset for which the agreement relates.

Loan from non-related entities
This loan is interest bearing but unsecured. Repayable on demand.

Loan from director related entity
This loan is non-interest bearing and unsecured. Repayable on demand.

Bank guarantees

Total facilitates	$30,000
Used at Balance Date	$30,000

The above guarantee relates to bonds placed on the mining tenements held and undertaken by the Bank on behalf of the Company.

	Consolidated 2013 $	Consolidated 2012 $
17 Issued capital		
Ordinary fully paid ordinary shares (a)	**26,673,235**	**24,675,964**
Contributing shares partly paid to $0.01	**3,426**	**3,426**
	26,676,661	**24,679,390**

	2013 $	2013 No.	2012 $	2012 No.
a) Ordinary shares				
Balance at beginning of year	**24,675,964**	**462,311,076**	20,416,696	406,223,576
Shares issued during year				
5 April 2012	**-**	**-**	4,250,000	53,225,000
8 May 2012	**-**	**-**	229,000	2,862,500
14 May 2013	**2,030,574**	**203,057,448**	-	-
Share issue costs	**(33,303)**	**-**	(219,732)	-
Balance at end of year	**26,673,235**	**665,368,524**	24,675,964	462,311,076

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

b) Share options

2013

Date of expiry	Exercise price	Balance at beginning of year	Issued during year	Lapsed during year	Expired during year	Exercised during year	Balance at end of year
8 September 2013	$0.035	9,000,000	-	-	3,000,000	-	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
		24,000,000	**-**	**-**	**3,000,000**	**-**	**21,000,000**

2012

Date of expiry	Exercise price	Balance at beginning of year	Issued during year	Lapsed during year	Expired during year	Exercised during year	Balance at end of year
8 September 2013	$0.035	9,000,000	-	-	-	-	9,000,000
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
		9,000,000	**15,000,000**	**-**	**-**	**-**	**24,000,000**

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

	Consolidated 2013 $	Consolidated 2012 $
18 Reserves		
Share based payments (a)	**706,266**	**759,465**
Foreign exchange	**(183,720)**	**(227,653)**
	522,546	**531,812**

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 following tables give the assumptions made in determining the fair value of the options.

	2013	2012
b) Employee share options		
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**

19 Contingent assets and contingent liabilities

The Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2013.

	Consolidated 2013 $	Consolidated 2012 $
20 Capital and leasing commitments		
Finance leases		
<1 year	**378,550**	**700,682**
1 – 5 years	**158,210**	**277,548**
>5 years	**-**	**-**
Minimum lease payments	**536,760**	**978,230**
Future finance charges	**(43,829)**	**(106,453)**
Lease liability	**492,931**	**871,777**
Comprising:		
Current liability (note 16)	**344,995**	**610,434**
Non-Current liability (note 16)	**147,936**	**261,342**
	492,931	**871,777**

Operating lease commitments
The Group has operating lease commitments with respect to its drilling and exploration businesses of $32,017 (2012: $325,004).

Exploration expenditure
In addition, the Group has minimum expenditure obligations relating to its Australian tenements of $53,000 (2012: $53,000) and obligations to meet in Brazil in respect of annual rents on granted tenements of $41,443 (2011: $146,873).

21 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 2013 the consolidated entity operated in the following Geographic Segments: Australia, Brazil, Uruguay and Canada. (2012: Australia, Brazil and Uruguay).

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

(a) Operating segments

	Australia Admin, Exploration & Evaluation	**Canada Exploration & Evaluation**	**Brazil Exploration & Evaluation**	**Brazil Drilling Operations**	**Uruguay Drilling Operations**	**Total Operations**
	$	**$**	**$**	**$**	**$**	**$**
30 June 2013						
Revenue						
Sales to external customers	-	-	1,864,661	4,690,497	615,597	7,170,755
Finance revenue	48,756	-	-	3	-	48,759
Other	-	-	87,310	34,080	17,775	139,165
Segment revenue	**48,756**	**-**	**1,951,971**	**4,724,580**	**633,372**	**7,358,679**
Segment (loss) / profit before tax	**(1,522,913)**	**(41,103)**	**(11,149,239)**	**(788,889)**	**390,059**	**(13,892,204)**

	Australia Admin, Exploration & Evaluation	**Canada Exploration & Evaluation**	**Brazil Exploration & Evaluation**	**Brazil Drilling Operations**	**Uruguay Drilling Operations**	**Total Operations**
	$	**$**	**$**	**$**	**$**	**$**
Assets and liabilities						
Segment assets	2,185,657	155,370	624,681	2,294,972	101,999	5,362,679
Segment liabilities	(299,117)	-	(1,464,294)	(1,426,377)	(994,446)	(4,184,234)
Segment net assets / (liabilities)	**1,886,540**	**155,370**	**(839,613)**	**868,595**	**(892,447)**	**1,178,445**
Addition of non-current assets	21,135	-	155,723	963,343	11,167	1,151,367
Depreciation	(565,762)	-	(364,875)	(674,884)	(80,427)	(1,685,947)
Impairment	(73,925)	-	(9,548,629)	-	(305,046)	(9,927,601)

	Australia Admin, Exploration & Evaluation	Canada Exploration & Evaluation	Brazil Exploration & Evaluation	Brazil Drilling Operations	Uruguay Drilling Operations	Total Operations
	$	$	$	$	$	$
30 June 2012						
Revenue						
Sales to external customers	-		5,564,507	5,172,122	5,172,109	15,908,738
Finance revenue	11,860		-	32	-	11,892
Other	-		-	35,547	7,383	42,930
Segment revenue	**11,860**		**5,564,507**	**5,207,701**	**5,179,492**	**15,963,560**
Segment (loss) / profit before tax	**(777,979)**		**155,921**	**(464,305)**	**(997,589)**	**(2,083,951)**
Assets and liabilities						
Segment assets	3,894,280		10,480,172	920,503	1,745,171	17,040,126
Segment liabilities	(1,291,597)		(983,407)	(669,631)	(1,066,047)	(4,010,682)
Segment net assets / (liabilities)	**2,602,683**		**9,496,765**	**(250,873)**	**(679,124)**	**13,029,444**
Addition of non-current assets	808,079		1,360,906	499,084	256,988	2,925,057
Depreciation	(670,472)		(408,255)	(182,258)	(411,919)	(1,672,903)
Impairment					(180,145)	(180,145)

Information about major customers

No single customer of the drilling business contributed greater than 20% of income (2012: one customer contributed 37% of drilling income)

22 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.

23 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.

	Consolidated 2013 $	Consolidated 2012 $
The following balances were outstanding with related parties at year end:		
Loans from related parties:		
Advances from director related party (Rosanne Swick)	**14,781**(ii)	**464,565**(ii)
Payable to:		
R Swick	**321,056**	**123,333**
P Hardie	**594**	**3,000**

i) Loans advanced to commonly controlled entities from the parent entity are non-interest bearing and not repayable within the next 12 months.
ii) Amount was repaid in July 2013.

Issue of shares to director related party

Marcia Swick, wife of Managing Director, was underwriter to an entitlements issue that was undertaken by the Company and completed on 14 May 2013. Pursuant to the entitlements issue a total of 203,057,448 fully paid ordinary shares were issued at an issue price of 1 cent per share; raising $2.03 million before costs.

As underwriter to the entitlements issue, Marcia Swick took up a shortfall of 195,000,000 fully paid ordinary shares (for a total investment of $1.95 million).

Group Companies

Subsidiary	Principal Activity	Place of Incorporation	Percentage Ownership 2013	Percentage Ownership 2012
Cougar Mineracao Ltda	Exploration and evaluation	Brazil	100%	100%
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%	n/a

24 Financial instruments

a) Financial risk management objectives

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

b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16 , cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves, other equity and retained earnings (accumulated losses) as disclosed in note 25.

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 Uruguay 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) 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 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 relating to drilling costs also denominated in the unit's functional currency.

Presently, each operating entity' profits and surplus cashflows 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.

i) Interest rate risk

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

Consolidated 2013	**Weighted average effective interest rate**	**Floating interest rate**	**Fixed interest rate maturing < 1 year**	**1 – 5 years**	**> 5 years**	**Non-interest bearing**	**Total**
	%	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets:							
Cash and cash equivalents	3.67%	48,565*	1,245,202	-	-	-	**1,293,767**
Trade and other receivables	-	-	-	-	-	1,206,295	**1,206,295**
Total financial assets		48,565	1,245,202	-	-	1,206,295	**2,500,062**
Financial liabilities:							
Loan – related entity	0%	-	-	-	-	262,504	**262,504**
Loan – non-related entity	10%	-	353,013	147,936	-	-	**500,949**
Trade and other payables		-	-	-	-	2,504,202	**2,504,202**
Total financial liabilities		-	353,013	147,936	-	2,766,706	**3,267,655**

Consolidated 2012	**Weighted average effective interest rate**	**Floating interest rate**	**Fixed interest rate maturing < 1 year**	**1 – 5 years**	**> 5 years**	**Non-interest bearing**	**Total**
	%	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets:							
Cash and cash equivalents	4.56%	174,631*	1,834,451	-	-	-	**2,009,082**
Trade and other receivables	-	-	-	-	-	596,447	**596,447**
Total financial assets		174,631	1,834,451	-	-	596,447	**2,606,528**
Financial liabilities:							
Loan – related entity	7%	-	-	464,565	-	-	**464,565**
Loan – non-related entity	10%	-	657,187	261,342	-	-	**918,529**
Trade and other payables		-	-	-	-	1,698,471	**1,698,471**
Total financial liabilities		-	657,187	725,907	-	1,698,471	**3,081,565**

* expected maturity profile is less than 1 year

j) 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 0.62% to 1.62% 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 2013, 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:

	Post tax profit higher / (lower)		**Other Equity higher / (lower)**	
Judgements of reasonably possible movements	**2013**	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
+ 1% (100 basis points)	4	6	-	-
- 1% (100 basis points)	(4)	(6)	-	-

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.

25 Parent entity disclosures
(a) Financial position

	Parent Entity 2013 $	Parent Entity 2012 $
ASSETS		
Current Assets		
Cash and cash equivalents	1,325,148	1,935,007
Trade and other receivables	-	-
Other current assets	10,530	44,512
Total Current Assets	1,335,678	1,979,519
Non-Current Assets		
Trade and other receivables	9,749,488	8,823,670
Financial assets	200	100
Property, plant and equipment	677,292	684,788
Exploration and evaluation expenditure	42,664	42,664
Total Non-Current Assets	10,469,644	9,551,221
Total Assets	11,805,322	11,530,740
LIABILITIES		
Current Liabilities		
Trade and other payables	184,515	305,177
Provisions	1,160	13,699
Interest bearing loans and borrowings	298,965	199,946
Total Current Liabilities	484,640	518,822
Non-Current Liabilities		
Interest bearing loans and borrowings	-	772,774
	-	772,774
Total Liabilities	484,640	1,291,596
Net Assets	11,320,682	10,239,144
EQUITY		
Issued capital	26,676,661	24,679,390
Other reserve	706,266	759,466
Accumulated losses	(16,062,245)	(15,199,712)
Total Equity	11,320,682	10,239,144

(b) Financial performance

	Parent Entity 2013 $	Parent Entity 2012 $
Net profit / (loss) for the year	**(915,733)**	**(696,279)**
Other comprehensive income for the year		
Exchange differences arising on translation of foreign operations	**-**	**-**
Total comprehensive result for the year	**(915,733)**	**(696,279)**

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

The Directors declare that:

a) in the Directors’ opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

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(c); 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.

Randal Swick

Randal Swick
Managing Director

Dated this 27h day of September 2013

Deloitte.

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Independent Auditor's Report to the Members of Cougar Metals NL

Report on the Financial Report

We have audited the accompanying financial report of Cougar Metals NL, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, 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, as set out on pages 18 to 51.

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 2(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated 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. Those 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 judgement, 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 Company's preparation of the financial report that gives a true and fair view, 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 Company'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.

Auditor's Independence Declaration

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

Deloitte.

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 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(c) in the financial report, which indicates that the Consolidated Entity incurred a net loss of $13,892,204 and incurred negative cash flows from operating and investing activities of $2,131,678 during the year ended 30 June 2013, and had a deficiency in net current assets of $1,368,354 at that date. These conditions, along with other matters as set forth in Note 1(c), indicate the existence of a material uncertainty that may cast significant doubt about the Company's and the Consolidated Entity's ability to continue as going concerns and therefore, the Company and the Consolidated Entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith
Partner
Chartered Accountants
Perth, 27 September 2013

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

A summary of the major policies is set out below.

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

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

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

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

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

Details of qualifications, experience, responsibilities and tenure of current directors are set out in the directors report. The board is currently comprised of three directors: one executive, being Randal Swick (Managing Director) and two Non-Executive Directors, being Roger Hussey and Paul Hardie.

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 Roger Hussey and Paul Hardie are considered to be independents as they do not have any contractual relationships with the Company, or through a business affiliate which results in greater than 10% revenue of gross assets for either party.

Ethical Decision Making

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

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

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

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

Financial Reporting

Given the current size and nature of the Company's operations, the board of directors in 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.

Two formal Remuneration Committee meetings were held during the year, with additional informal discussions between members being held. A review of the remuneration for FY14 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.**

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

Holdings as at 18 September 2013

No. Securities Held	Fully Paid Shares No. Holders	Listed Options No. Holders
1 – 1,000	104	-
1,001 – 5,000	48	-
5,001 – 10,000	89	-
10,001 – 100,000	429	-
> 100,001	367	-
Total no. holders	1,037	-
No. holders of less than a marketable parcel	670	-
Percentage of the 20 largest holders	72.76%	-
Total on issue	665,268,524	-

Substantial shareholders as at 18 September 2013

	No. Shares	%
SAVVY CAP MGNT PL <SAVVY FAM A/C>	138,366,224	20.80
SWICK, MARCIA	276,000,000	41.49

20 Largest holders of securities at 18 September 2013

Fully paid ordinary shares	No. Shares	%
1) SWICK, MARCIA	195,000,000	29.31
2) SAVVY CAP MGNT PL <SAVVY FAM A/C>	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	15,197,500	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) JINGIE INVESTMENTS PTY LTD	5,625,000	0.85
9) ZEVA, FRANK	4,615,242	0.69
10) BURTON, JEFFREY JOHN	3,712,500	0.56
11) RAMNEG PTY LTD	3,400,000	0.51
12) DUNCAN, GREGORY JAMES	3,150,000	0.47
13) TEOFILOVA, LILIANA	3,051,669	0.46
14) HUIZINGA, WAYNE RICHARD	2,700,000	0.41
15) WILLIAMSON D P + G L <WILLIAMSON FAM S/F>	2,500,000	0.38
16) CARAOUTZADIS, VASILIS	2,308,178	0.35
17) BUCKLEY HOLDINGS PTY LTD	2,300,000	0.35
18) LOMAS SUPERANNUATION PTY LTD	2,275,000	0.34
19) WOOLSTHORPE INVESTMENTS	2,160,378	0.32
20) OPEN SERVER RESOURCES PTY LTD	2,050,000	0.31
	484,029,222	72.76

Unlisted options as at 18 September 2013

Details of unlisted option holders are as follows:

Class of unlisted options	No. Options
Options exercisable at $0.041 on or before 4 July 2014	5,000,000
Holders of more than 20% of this class	
Michael Fry	5,000,000
Options exercisable at $0.051 on or before 4 July 2014	5,000,000
Holders of more than 20% of this class	
Michael Fry	5,000,000
Options exercisable at $0.065 on or before 4 July 2014	5,000,000
Holders of more than 20% of this class	
Michael Fry	5,000,000

Unlisted equity securities as at 18 September 2013

Details of unlisted equity security holders are as follows:

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

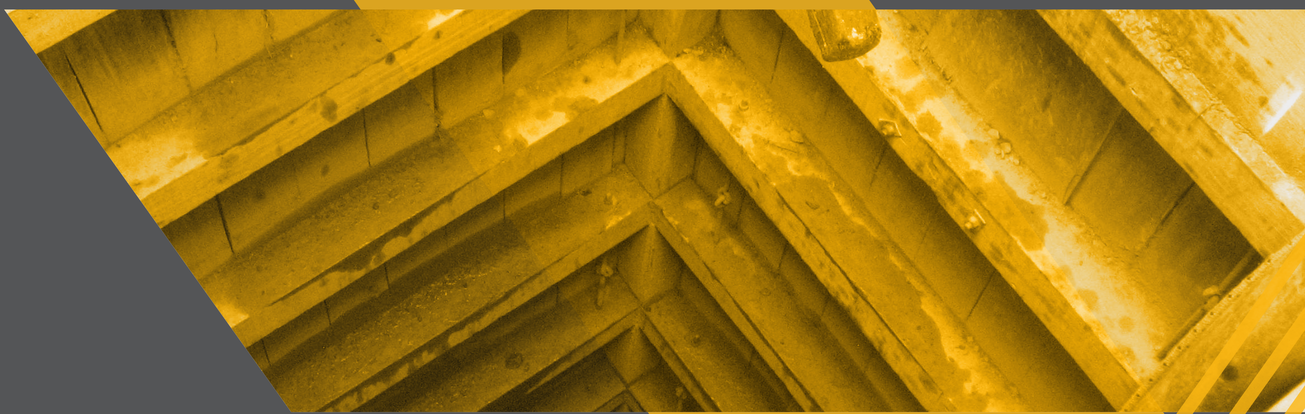
Mining Tenements

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

Number	Date of Grant	Area in km^2
M39/159	30/08/1988	5.4

Alta Floresta Project (Brazil)

Number	Date of Grant	Area in ha
8689/05	04/08/2005	4,044.52
282/06	20/01/2006	6,844.66
289/06	20/01/2006	906.11
6148/06	19/06/2006	10,000.00
6867/08	09/07/2008	1,566.27
6869/08	09/07/2008	3,405.38
7614/08	29/07/2008	218.39
7607/08	29/07/2008	31.66
7613/08	29/07/2008	49.11
7601/08	29/07/2008	1,566.18
7600/08	29/07/2008	487.06
7612/08	29/07/2008	193.32
12774/08	14/10/2008	2,164.64
8092/09	27/07/2009	172.78
9802/09	26/08/2009	9,998.45
12965/09	16/11/2009	9,816.50
15954/10	09/12/2010	345.00
1062/10	12/02/2010	673.30
1219/10	19/02/2010	1,434.77
2647/10	24/03/2010	3,441.10



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