COUGAR
METALS NL

ABN 27 100 684 053

HALF-YEAR FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2013

CORPORATE DIRECTORY

Directors

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

Secretary

Michael Fry

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Auditors

Bentleys (WA) Pty Ltd
Level 1, 12 Kings Park Road
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Website

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Australian Securities Exchange

CGM (fully paid ordinary shares)

The Directors of Cougar Metals NL and its subsidiaries ("Cougar" or "Group") present their report for the half-year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001 (Cth), the directors report as follows:

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

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

- Acquisition of exploration related interests in the Shoal Lake Region of Ontario, Canada.
- Rationalisation and divestiture of exploration related interests in the Alta Floresta Belt of Brazil.
- The provision of mineral drilling services to exploration and mining companies in Brazil.

REVIEW AND RESULTS OF OPERATIONS

The result for the half-year ended 31 December 2013 attributable to members of Cougar Metals NL was a net loss after tax of $1,465,687 (31 December 2012: $11,690,076).

For the Group, the past six months has been a period of transition. The Group's exploration focus shifted from Brazil to Canada after it successfully secured options over Kenora Prospectors &Miners, Limited's Shoal Lake properties and Sheridan Platinum Group's Duport Gold Project also in the Shoal Lake region of Ontario, Canada.

The Duport Gold Project is the most advanced of the Canadian projects and where much of the Company's resources and effort is currently being directed. The Duport Gold Project is a past gold producer and has had significant historical exploration and development, with a database of in excess of 90,000 metres of drilling and 3,800 metres of underground development across eleven (11) levels via decline and shaft. It is expected to be the main exploration focus for the coming years.

In late November 2013, the Group announced that it had entered into agreements to sell 100% of its mining tenements and related interests in Brazil, completing the transition. The agreements are being finalised, with payments due over the course of 24 months.

The Brazilian drilling business endured difficult trading conditions during the half year due to low levels of activity within the industry. The significant and prolonged downturn in market activity that took hold 12 months earlier has continued unabated with no current signs to indicate that a turnaround in activity levels will occur in the near term. The difficult trading conditions experienced by the Brazilian drilling business resulted in the business incurring an operating loss of $0.7 million on $2.3 million of sales.

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

CHANGES IN STATE OF AFFAIRS

The following significant changes in the Group's state of affairs occurred during the half-year ended 31 December 2013:

- On 10 October 2013, an Option Agreement was entered into with the Sheridan Platinum Group Ltd. to acquire a 100% interest in its Duport Gold Project in the Shoal Lake region of Ontario, Canada.

- During the period, three separate agreements were reached (each with different parties) for the collective sale of 100% of the Group's exploration related interests in the Alta Floresta Belt of Brazil for net proceeds of approximately US$3.25 million. Two agreements involve the transfer of mineral tenements for cash, with the cash to be received in accordance with agreed milestones but generally over a period of time no later than 12 months from the date of agreement. The third agreement involves the assignment of 100% of the shares of Cougar Mineracao Ltda, a wholly owned subsidiary, to the purchaser for cash of amount ~US$2.4 million, with the purchaser assuming all of the liabilities of Cougar Mineracao Ltda . Pursuant to the terms of that agreement an amount of US$600,000 was due on execution of the agreement, with further amounts due over time upon transfer of the shares.

There were no other significant changes in the Group's state of affairs during the half-year ended 31 December 2013.

AFTER BALANCE DATE EVENTS

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

- During January 2014, the Group received approximately $730,000 in relation to sale of its exploration related interests in the Alta Floresta Belt of Brazil; including the amount of US$600,000 due under the agreement relating to the assignment of 100% of the shares of Cougar Mineracao Ltda.

- During January 2014, paperwork to effect the assignment of 100% of the shares of Cougar Mineracao Ltda to the purchaser was lodged with the relevant Brazilian authorities.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) in relation to the review for the half-year ended 31 December 2013 is set out on page 4.

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

Randal Swick
Managing Director

Perth, 14 March 2014

Bentleys
THINKING AHEAD

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Cougar Metals NL for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

DATED at PERTH this 14th day of March 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Continuing operations			
Rendering of services		**2,339,394**	2,880,828
Other income		**10,481**	57,133
Revenues	2	**2,349,875**	2,937,961
Other expenses			
Accounting and audit expenses		**(11,630)**	(31,453)
Corporate expenditure and professional fees		**(302,211)**	(327,657)
Depreciation expense		**(521,498)**	(726,185)
Doubtful debts expense		**(134,329)**	-
Drilling related expenses		**(2,592,559)**	(2,679,381)
Finance costs		**(27,343)**	(9,811)
Impairment of Assets		**-**	(499,868)
Occupancy expenses		**(72,556)**	(91,759)
Office administration expenses		**(14,280)**	(126,889)
Other expenses from ordinary activities		**(192,204)**	(7,998)
Loss from continuing operations before income tax		**(1,518,735)**	(1,563,040)
Income tax expense		**-**	-
Loss from continuing operations after income tax		**(1,518,735)**	(1,563,040)
Discontinued operations			
Profit/(loss) from discontinued operations after income tax		**53,048**	(10,127,036)
Loss for the period		**(1,465,687)**	(11,690,076)
Other comprehensive income			
Items that may be reclassified subsequently to Profit or Loss:			
Exchange differences arising on translation of foreign operations		**24,395**	13
Total comprehensive income/(loss) for the period		**(1,441,292)**	(11,690,063)
Basic and diluted earnings/(loss) per share		**(0.22)**	(2.53)
Basic and diluted earnings/(loss) per share from continuing operations (cents per share)		**(0.23)**	(0.34)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	3	**346,526**	1,293,767
Trade and other receivables		**843,930**	1,206,295
Inventories		**335,233**	157,634
Other assets		**24,105**	10,248
Non-Current Assets classified as held for sale	4	**-**	-
Total Current Assets		**1,549,794**	2,667,944
Non-Current Assets			
Investments		**2,055**	-
Property, plant and equipment	5	**1,947,561**	2,544,639
Exploration and evaluation expenditure	6	**150,096**	150,096
Total Non-Current Assets		**2,099,712**	2,694,735
TOTAL ASSETS		**3,649,506**	5,362,679
LIABILITIES			
Current Liabilities			
Trade and other payables		**861,184**	2,504,202
Provisions		**942,057**	916,578
Interest bearing loans and borrowings	7	**440,166**	615,518
		2,243,407	4,036,298
Liabilities directly associated with Non-Current Assets classified as held for sale	8	**1,625,336**	**-**
Total Current Liabilities		**3,868,743**	4,036,298
Non-Current Liabilities			
Interest bearing loans and borrowings	7	**43,610**	147,936
Total Non-Current Liabilities		**43,610**	147,936
TOTAL LIABILITIES		**3,912,353**	4,184,234
NET ASSETS		**(262,847)**	1,178,445
EQUITY			
Issued capital	9	**26,676,661**	26,676,661
Foreign exchange reserve		**(159,325)**	(183,720)
Other reserve		**370,200**	706,266
Accumulated losses		**(27,150,383)**	(26,020,762)
TOTAL EQUITY		**(262,847)**	1,178,445

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Issued Capital	Accumulated Losses	Foreign Exchange Reserve	Share-based Payment Reserve	Total Equity
	$	$	$	$	$
Balance at 1 July 2012	**24,679,391**	**(12,181,758)**	**(227,653)**	**759,465**	**13,029,445**
Profit for the period	-	(11,690,076)	-	-	**(11,690,076)**
Foreign currency translation	-	-	13	-	**13**
Total comprehensive income for the period	-	(11,690,076)	13	-	**(11,690,063)**
Share-based payments	-	53,200	-	(53,200)	**-**
Balance at 31 December 2012	**24,679,391**	**(23,818,634)**	**(227,640)**	**706,265**	**1,339,382**
Balance at 1 July 2013	**26,676,661**	**(26,020,762)**	**(183,720)**	**706,266**	**1,178,445**
Loss for the period	-	(1,465,687)	-	-	**(1,465,687)**
Foreign currency translation	-	-	24,395	-	**24,395**
Total comprehensive income for the period	-	(1,465,687)	24,395	-	**(1,441,292)**
Expiry of Options	-	336,066	-	(336,066)	**-**
Balance at 31 December 2013	**26,676,661**	**(27,150,383)**	**(159,325)**	**370,200**	**(262,847)**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Cash flows from operating activities			
Receipts from customers		**2,838,939**	4,707,183
Payments to suppliers and employees		**(3,811,569)**	(3,321,146)
Payments for exploration and evaluation of tenements		**-**	(2,350,399)
Interest received		**9,414**	43,615
Interest paid		**(39,907)**	(15,297)
Net cash (used in) operating activities		**(1,003,123)**	(936,044)
Cash flows from investing activities			
Payment for plant and equipment		**(8,868)**	(195,844)
Payment for investments		**(2,055)**	-
Proceeds from sale of plant and equipment		**40,239**	-
Proceeds from sale of mining tenements		**258,436**	-
Net cash from / (used in) investing activities		**287,752**	(195,844)
Cash flows from financing activities			
Repayment of borrowings		(231,870)	(301,039)
Net cash (used in) financing activities		**(231,870)**	(301,039)
Net (decrease) in cash and cash equivalents		**(947,241)**	(1,432,927)
Cash and cash equivalents at 1 July		**1,293,767**	2,009,082
Cash and cash equivalents at 31 December	3	**346,526**	576,155

The accompanying notes form part of these financial statements

1a. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Corporate Information
The condensed consolidated financial report of the Group for the half year ended 31 December 2013 was authorised for issue in accordance with a resolution of directors on * March 2014. Cougar Metals NL is a no liability company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

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

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

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

Basis of Preparation
The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

The above standards have extensive disclosure requirements, however these do not effect this half year financial report other than as disclosed in Note 14: Financial Instruments . The adoption of the above standards have not had a material impact on this half year financial report.

1b. GOING CONCERN

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

The Group incurred a loss for the half year of $1,465,687 (31 December 2012: Loss $11,690,076), experienced net cash outflows from operating activities of $1,003,123 (31 December 2012: net cash outflows of $936,044). At 31 December 2013, the Group had a deficiency in net current assets of $2,318,949 which includes liabilities of $1,625,336 directly associated with the disposal of the Company's wholly owned subsidiary Cougar Brasil Mineracao Ltda ("Mineracao").

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

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

- During the period the Group raised $258,436 from the sale of mining tenements and subsequent to year end received approximately $730,000 associated with the sale of mining tenements. The Group is contractually entitled to receive USD1,280,126 within the next 12 months from the date of signing this report from the sale of its mining tenements and Mineracao, with the acquirer assuming all of the liabilities associated with Mineracao.

- The Company has ceased providing financial support to its wholly owned Uruguayan subsidiary Palinir S.A. ("Palinir"). Palinir has liabilities of $1,019,388 and has no financial ability to settle this obligation without financial support of the Company.

- Deferral of all discretionary expenditure.

The ability of the Group to continue as a going concern is principally dependent upon: (i) the receipt of monies due under the sale agreements relating to the divesting of 100% of its exploration related interests in the Alta Floresta Belt of Brazil, (ii) that no significant liabilities will revert to the Company relating to Palinir, and (iii) that its wholly owned Brazilian subsidiary Geologica Sondagens Ltda operates predominantly self-sufficiently, with only modest financial support. Should the above not be achieved, the Company may be required to raise funds from equity markets or other sources. The directors have prepared a cash flow forecast for the period ending 31 March 2015 which indicates that the current cash resources will be sufficient to meet expected cash outgoings without the raising of additional capital provided that the moneys are received from the sale of the Brazilian tenements as and when expected. Based on the cash flow forecast, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the Group not receive in full the proceeds from sale of the mining tenements in Brazil in accordance with the agreed timetable, there is a material uncertainty whether the Group will be able to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

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

	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
2. REVENUE		
(a) Revenue and income		
Sales revenue from drilling operations	**2,339,394**	2,880,828
Interest received	**9,414**	43,615
Other revenue	**1,067**	13,518
	2,349,875	2,937,961

(b) Seasonality of operations

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

	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
3. CASH AND CASH EQUIVALENTS		

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

Cash at bank and in hand	**312,098**	14,137
Short term deposits	**34,428**	1,279,630
	346,526	1,293,767

Non-cash financing and investing activities

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

4. NON-CURRENT ASSETS HELD FOR SALE

Exploration and evaluation expenditure	**-**	-
	-	-

Non-Current Assets classified as held for sale at 31 December 2013 relate to the sale of the Group's exploration related interests in the Alta Floresta Belt of Brazil. During the period, agreements were entered into in relation the sale of these interests. The interests were impaired in full in the year ended 30 June 2013 following the closure of the Ze Vermelho Mine (30 June 2013 impairment loss: $7,244,785).

	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $

5. PROPERTY PLANT AND EQUIPMENT

Opening written down value at beginning of period	**2,544,639**	5,325,154
Cost of assets acquired	**8,866**	1,151,367
Book value of assets disposed of	**(47,895)**	(1,134,269)
Depreciation expense	**(558,049)**	(1,685,947)
Impairment loss (i)	**-**	(1,111,666)
	1,947,561	2,544,639

(i) as at 30 June 2013 an impairment review was undertaken with respect to property, plant and equipment that resulted in a significant write-down. The underlying causes of the write-down were the suspension of trial mining activities at Ze Vermelho in Brazil and the cessation of contract drilling activities in Uruguay. In accordance with AASB 136 'Impairment of Assets' it is necessary to recognise an impairment loss in instances where the expected recoverable amount is less than the carrying value amount.

6. EXPLORATION AND EVALUATION EXPENDITURE

Balance at beginning of period	**150,096**	7,244,785
Exploration expenditure capitalised	**-**	150,096
Exploration impaired during the period (i)	**-**	(7,244,785)
	150,096	150,096

(i) as at 30 June 2013 an impairment review was undertaken with respect to capitalised exploration and evaluation expenditure and this resulted in a significant impairment being booked. The underlying causes of the impairment write-down were the suspension of trial mining activities at Ze Vermelho in Brazil and a decision to re-focus exploration energies towards the Shoal Lake Gold Project in Canada.

7. INTEREST BEARING LIABILITIES

Current		
Hire purchase liabilities – secured	**231,149**	344,996
Loans from non-related entities - unsecured	**-**	8,018
Loan from director related entity - unsecured	**209,017**	262,504
	440,166	615,518
Non-Current		
Hire purchase liabilities – secured	**43,610**	147,936
	43,610	147,936

	Consolidated 31 December 2013 $	Consolidated 30 June 2013 $
8. LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		
Trade and other payables	**1,625,336**	-
	1,625,336	-

Liabilities directly associated with Non-Current Assets classified as held for sale at 31 December 2013 relate to the sale of the Group's exploration related interests in the Alta Floresta Belt of Brazil – refer Note 16 for further detail.

9. ISSUED CAPITAL

	31 December 2013		**30 June 2013**	
	No.	**$**	**No.**	**$**
Issued Capital				
Ordinary shares - fully paid	**665,368,524**	**26,673,235**	665,368,524	26,673,235
Contributing shares	**3,425,725**	**3,426**	3,425,725	3,426
	668,794,249	**26,676,661**	668,794,249	26,676,661

10. SEGMENT INFORMATION

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

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

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

During the half year ended 31 December 2013 the Group operated in the following Geographic Segments: Australia, Brazil and Canada. (2012: Australia and 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) Business and geographical segments

	Australia Admin, Exploration & Evaluation $	Brazil Exploration & Evaluation $	Brazil Drilling Operations $	Canada Exploration & Evaluation $	Uruguay Drilling Operations $	Total Operations $
31 December 2013						
Revenue (6 months)						
Sales to customers	-	-	2,339,394	-	-	**2,339,394**
Gain on sale of mining tenements	-	1,787,912	-	-	-	**1,787,912**
Finance revenue	9,414	-	-	-	-	**9,414**
Other	1,067	-	-	-	**-**	**1,067**
Segment revenue	**10,481**	**1,787,912**	**2,339,394**	**-**	**-**	**4,137,787**
Segment profit/(loss)	**(551,470)**	**53,048**	**(758,190)**	**(153,876)**	**(55,199)**	**(1,465,687)**
Assets and liabilities						
Segment assets	1,491,791	420,093	1,437,544	214,456	85,622	**3,649,506**
Segment liabilities	(249,384)	(1,625,336)	(1,043,187)	-	(994,446)	**(3,912,353)**
Segment net assets	**1,242,407**	**(1,205,243)**	**394,357**	**214,456**	**(908,824)**	**(262,847)**
Addition of non-current assets	**8,866**	**-**	**-**	**-**		**8,866**
Depreciation	**223,012**	**36,551**	**298,486**	**-**		**558,049**

	Australia Admin, Exploration & Evaluation $	Brazil Exploration & Evaluation $	Brazil Drilling Operations $	Canada Exploration & Evaluation $	Uruguay Drilling Operations $	Total Operations $
31 December 2012						
Revenue (6 months)						
Sales to customers	-	1,864,661	2,363,739	-	517,089	4,745,489
Finance revenue	43,615	-	-	-	-	43,615
Other	-	-	10,566	-	2,952	13,518
Segment revenue	43,615	1,864,661	2,374,305	-	520,041	4,802,622
Segment profit/(loss)	**(519,192)**	**(10,703,542)**	**(529,503)**	**-**	**62,161**	**(11,690,076)**
30 June 2013						
Assets and liabilities						
Segment assets	2,185,657	624,681	2,294,972	155,370	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**	**(839,613)**	**868,595**	**155,370**	**(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)

11. COMMITMENTS

Minimum Expenditure Commitments

The consolidated entity has minimum expenditure obligations relating to its Australian tenements of $53,800 (30 June 2013: $53,800) and obligations to meet in Brazil in respect of annual rents on granted tenements of $41,433 (30 June 2013: $41,433).

Payment due under option agreements to acquire interests in exploration projects are as follows:

	Consolidated 31 December 2013 US$
< 1 year	400,000
1 – 5 years	11,750,000
	12,150,000

12. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 31 December 2013. There has been no change in contingent liabilities since the last annual reporting date.

13. EVENTS SUBSEQUENT TO REPORTING DATE

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

- During January 2014, the Group received approximately $730,000 in relation to sale of its exploration related interests in the Alta Floresta Belt of Brazil; including the amount of US$600,000 due under the agreement relating to the assignment of 100% of the shares of Cougar Mineracao Ltda.

- During January 2014, paperwork to effect the assignment of 100% of the shares of Cougar Mineracao Ltda to the purchaser was lodged with the relevant Brazilian authorities.

14. FINANCIAL INSTRUMENTS

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

15. RELATED PARTY TRANSACTIONS

During the period the Remuneration and Nomination Committee agreed to increase the base salary of Randal Swick (Managing Director) from A$185,000 to US$196,000 to take effect from 1 February 2014.

16. DISCONTINUED OPERATIONS

During November 2013 the Company announced that it had entered into three separate agreements (each with different parties) for the collective sale of 100% of the Group's exploration related interests in the Alta Floresta Belt of Brazil for net proceeds of approximately US$3.25 million. Two agreements involve the transfer of mineral tenements for cash, with the cash to be received in accordance with agreed milestones but generally over a period of time no later than 12 months from the date of agreement. The third agreement involves the assignment of 100% of the shares of Cougar Mineracao Ltda, a wholly owned subsidiary, to the purchaser for cash of amount ~US$2.4 million, with the purchaser assuming all of the liabilities of Cougar Mineracao Ltda .

The assignment of the shares is an administrative process that is expected to be finalised in the short term.

Pursuant to the requirements of AASB 5, Cougar Mineracao Ltda is to be treated as a discontinued operation. The results of Cougar Mineracao Ltda for the half year ended 31 December 2013 are presented below:

	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Revenue		
Gold Production	-	1,864,661
Gain on sale of mining tenements	1,787,912	-
	1,787,912	1,864,661
Less: Expenses		
Depreciation	36,551	262,091
Doubtful Debts	1,257,967	-
Finance costs	16,851	5,485
Impairment	-	9,091,692
Other operating costs	423,495	2,632,429
Profit/(loss) before tax from a discontinued operation	**53,048**	**(10,127,036)**
Income tax expense	-	-
Profit/(loss) after tax from a discontinued operation	**53,048**	**(10,127,036)**
Cash flows from discontinued operations		
Net cash inflows / (outflows) from operating activities	(437,683)	339,269
Net cash inflows / (outflows) from investing activities	258,436	(164,855)
Net cash outflows from financing activities	-	(117,312)
Net cash inflows / (outflows)	**(179,247)**	**57,102**

DIRECTORS' DECLARATION

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

In the opinion of the directors:

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

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year then ended; and

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

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

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

On behalf of the Board

Randal Swick

Randal Swick
Managing Director

Perth, 14 March 2014

Bentleys
THINKING AHEAD

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Independent Auditor's Review Report

To the Members of Cougar Metals NL

We have reviewed the accompanying half-year financial report of Cougar Metals NL ("the Company") and its Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other selected explanatory information and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to note 1(b) of the half-year financial report which indicates that the Consolidated Entity incurred a net loss of $1,465,687 during the half-year ended 31 December 2013. This condition, along with other matters as set forth in note 1(b), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

DATED at PERTH this 14th day of March 2014