15 March 2013

Company Announcement Office
ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sirs

COUGAR METALS NL: FY13 FIRST HALF RESULTS

Cougar Metals NL (ASX: **CGM**; "Cougar" or "the Company") wishes to announce its results for the first half of the 2013 financial year.

Cougar has reported a statutory Net Loss after Tax of $11.6 million for the six months ended 31 December 2012 largely due to an $11.9 million impairment charge relating principally to capitalised exploration costs, gold in tailings, and plant and equipment associated with the Alta Floresta Gold Project in Brazil.

The impairment charge is as a direct consequence of the decision to suspend activities at Ze Vermelho (the most advanced prospect held by the Company within the Alta Floresta Gold Project). Notwithstanding, the decision to suspend activities at Ze Vermelho, the Company remains committed to realising value from its Brazil tenement portfolio, mine infrastructure and plant and equipment and is currently reviewing opportunities in this regard.

The entering into of an Option Agreement in February 2013 over the Shoal Lake Gold Project in Canada is a major step forward for the Company due to the advanced status of this Project and it has resulted in a re-prioritisation of efforts and resources; contributing to the magnitude of the impairment charge.

Cougar's wholly owned contract drilling subsidiary, GeoLogica Sondagens Ltda is unaffected by the closure of the Ze Vermelho operations and continues to operate as normal. The drilling fleet currently comprises nine (9) in country drilling rigs, with a tenth rig in storage in a duty free zone within Uruguay.

For further information please contact myself or Michael Fry (CFO) on +61 8 9381 1755.

Yours faithfully,

Randal Swick

RANDAL SWICK
Managing Director

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www.cgm.com.au

COUGAR
METALS NL

ABN 27 100 684 053

HALF-YEAR FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2012

CORPORATE DIRECTORY

Directors

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

Secretary

Michael Fry

Registered Office

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531 Hay Street
Subiaco WA 6008

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Share Registry

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Auditors

Deloitte Touche Tohmatsu
Woodside Plaza, Level 14
240 St Georges Terrace
Perth WA 6000

Website

www.cgm.com.au

Australian Securities Exchange

CGM (fully paid ordinary shares)

The Directors of Cougar Metals NL and its subsidiaries ("Cougar" or "Group") present their report for the half-year ended 31 December 2012. 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 (appointed 24 July 2012)
Jeff Moore – Non-Executive Director (resigned 29 November 2012)
Paul Hardie – Non-Executive Director
Randal Swick – Managing Director

REVIEW AND RESULTS OF OPERATIONS

The result for the half-year ended 31 December 2012 attributable to members of Cougar Metals NL was a net loss after tax of $11,690,076 (31 December 2011: $2,102,692). The loss included impairment charges of $11,941,959 relating to capitalised exploration costs, gold in circuit inventories, and plant and equipment.

For the Group, the past six months has been a period of significant challenge. In late November 2012, a decision was made to suspend trial mining operations at the Ze Vermelho Gold Mine. A significant drilling program was undertaken in the period April to end July 2012 but this failed to identify any significant or substantial extensions to, and repetitions of, the high grade ore shoot. Whilst there were numerous good results, the results tended to be over narrow intervals with sporadic gold grades. In conjunction with the drilling program, a geophysical program was undertaken with the aim of identifying the structures giving rise to the gold mineralisation however unfortunately this was not overly successful due to the existence of a highly conductive surface layer which caused interference. Consequently, after a few months of low gold production and high operating costs; it became necessary to suspend operations in order to conserve cash and to allow for a full and thorough review of the work completed and the strategy adopted at Ze Vermelho to be undertaken. This is ongoing.

The Brazilian drilling business was also not without challenges during the half year. After a promising start to the half with record monthly revenues being generated and the fleet size and capability being improved with the repatriation of drill rigs from Uruguay; a significant and prolonged downturn in market activity took hold. A fall in world commodity prices was a significant factor in the downturn in activity as was a slow-down in permitting by the Brazil Department of Mines at the direction of the Brazil Government as it readies the Brazil market for the introduction of a new Mining Code.

During the half year, operations in Uruguay were brought to an end, with the Company retaining only a small ongoing presence.

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 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.

CHANGES IN STATE OF AFFAIRS

The following significant changes in the consolidated group's state of affairs occurred during the half-year ended 31 December 2012:

- On 29 November 2012, a decision was made to suspend trial mining activities at Ze Vermelho following a period of unsatisfactory exploration results and operating losses.

- The considerable exploration activity undertaken during the half year combined with the operating losses incurred at Ze Vermelho had a detrimental impact on cash reserves, with cash on hand and at bank declining by approximately $1.5 million between the start and end of the half-year.

- The activity levels in the resources industry declined significantly over the course of the half due to a combination of external and internal factors (to Brazil) and this had a negative impact on the volume of work available in the contract drilling market.

There were no other significant changes in the consolidated group's state of affairs during the half-year ended 31 December 2012.

AFTER BALANCE DATE EVENTS

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

Execution of Option Agreement over Shoal Lake Gold Project
On 5 February 2013, the Company announced that it had entered into 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 ("Project").

The Project has been the subject of substantial historical geological work and assessment, including surface drilling.

The Company has agreed to make quarterly option payments to KPM totalling CAD875,000 over a 4 year Option term and to complete a bulk sample extraction program during the Option term; the proceeds from which are to be split equally, after reimbursement to Cougar of its costs. The Company may exercise its option (and acquire a 51% interest in the Project) by a payment of CAD5,000,000 ("Option Exercise Fee'); with any payments made to KPM from the sharing of bulk sampling extraction program proceeds counting towards the Option Exercise Fee.

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 2012 is set out on page 4.

Signed in accordance with a resolution of the directors.

Randal Swick

Randal Swick
Managing Director

Perth, 15 March 2013

Deloitte.

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The Board of Directors Cougar Metals NL Unit 5,
531 Hay Street,
Subiaco WA 6008

15 March 2013

Dear Board Members

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 review of the financial statements of Cougar Metals NL for the half-year ended 31 December 2012, 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	Consolidated 31 December 2012 $	Consolidated 31 December 2011 $
Revenue			
Rendering of services		**2,880,828**	9,257,291
Gold production		**1,864,661**	3,312,023
Other income		**57,133**	1,791
	2	**4,802,622**	12,571,105
Other expenses			
Accounting and audit expenses		**(31,453)**	(75,915)
Corporate expenditure and professional fees		**(491,719)**	(31,799)
Depreciation expense		**(988,276)**	(807,282)
Drilling related expenses		**(2,686,645)**	(8,721,092)
Finance costs		**(15,297)**	(11,357)
Impairment of Assets		**(11,941,959)**	-
Occupancy expenses		**(159,348)**	(14,870)
Office administration expenses		**(132,435)**	(321,193)
Other expenses from ordinary activities		**(45,566)**	(114,905)
Share based payments expense		**-**	(370,000)
Profit/(loss) before income tax expense		**(11,690,076)**	2,102,692
Income tax expense		**-**	-
Net profit/(loss) for the period		**(11,690,076)**	2,102,692
Other comprehensive income			
Items that may be reclassified subsequently to Profit or Loss:			
Exchange differences arising on translation of foreign operations		**13**	(145,520)
Total comprehensive income/(loss) for the period		**(11,690,063)**	1,957,172
Profit/(loss) attributable to:			
Owners of the parent		**(11,690,063)**	1,957,172
Non-controlling interests		**-**	-
		(11,690,063)	1,957,172
Basic earnings/(loss) per share (cents per share)		**(2.53)**	0.61
Diluted earnings/(loss) per share (cents per share)		**(2.53)**	0.61

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	Consolidated 31 December 2012 $	Consolidated 30 June 2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	3	**576,155**	2,009,082
Trade and other receivables		**733,259**	596,447
Inventory		**124,498**	1,820,147
Other assets		**14,490**	44,511
Total Current Assets		**1,448,402**	4,470,187
Non-Current Assets			
Property, plant and equipment	4	**3,402,467**	5,325,154
Exploration and evaluation expenditure	5	**-**	7,244,785
Total Non-Current Assets		**3,402,467**	12,569,939
TOTAL ASSETS		**4,850,869**	17,040,126
LIABILITIES			
Current Liabilities			
Trade and other payables		**1,513,737**	1,698,470
Provisions		**915,695**	929,117
Interest bearing loans and borrowings	6	**805,558**	657,187
Total Current Liabilities		**3,234,990**	3,284,774
Non-Current Liabilities			
Interest bearing loans and borrowings	6	**276,497**	725,907
Total Non-Current Liabilities		**276,497**	725,907
TOTAL LIABILITIES		**3,511,487**	4,010,681
NET ASSETS		**1,339,382**	13,029,445
EQUITY			
Issued capital	7	**24,679,391**	24,679,391
Foreign exchange reserve		**(227,640)**	(227,653)
Other reserve		**706,265**	759,465
Accumulated losses		**(23,818,634)**	(12,181,758)
TOTAL EQUITY		**1,339,382**	13,029,445

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Issued Capital	Accumulated Losses	Foreign Exchange Reserve	Share-based Payment Reserve	Total Equity
	$	$	$	$	$
Balance at 1 July 2011	20,420,122	(10,097,807)	89,774	389,465	**10,801,554**
Profit for the period	-	2,102,692	-	-	**2,102,692**
Foreign currency translation	-	-	(145,520)	-	**(145,520)**
Total comprehensive income for the period	-	2,102,692	(145,520)	-	**1,957,172**
Share-based payments	-	-	-	370,000	**370,000**
Balance at 31 December 2011	**20,420,122**	**(7,995,115)**	**(55,746)**	**759,465**	**13,128,726**
Balance at 1 July 2012	**24,679,391**	**(12,181,758)**	**(227,653)**	**759,465**	**13,029,445**
Loss 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**

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

CONDENSED CONSOLIDATED CASHFLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Consolidated 31 December 2012 $	Consolidated 31 December 2011 $
Cash flows from operating activities		
Receipts from customers	**4,707,183**	12,158,263
Payments to suppliers and employees	**(3,321,146)**	(10,085,152)
Payments for exploration and evaluation of tenements	**(2,350,399)**	(366,009)
Interest received	**43,615**	1,791
Interest paid	**(15,297)**	(3,179)
Net cash provided by/(used in) operating activities	**(936,044)**	1,705,714
Cash flows from investing activities		
Payment for plant and equipment	**(195,844)**	(1,372,820)
Net cash (used in) investing activities	**(195,844)**	(1,372,820)
Cash flows from financing activities		
Proceeds from borrowings	**-**	241,793
Repayment of borrowings	**(301,039)**	(152,802)
Net cash provided by/(used in) financing activities	**(301,039)**	88,991
Net increase/(decrease) in cash and cash equivalents	**(1,432,927)**	421,885
Cash and cash equivalents at 1 July	**2,009,082**	208,903
Cash and cash equivalents at 31 December	**576,155**	630,788

The accompanying notes form part of these financial statements

1a. SIGNIFICANT ACCOUNTING POLICIES

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 2012, together with any public announcements made during 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 2011 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised standards and amendments thereof and interpretations effective for the current half year that are relevant to the Group include:

- Amendments to AASB 1,5 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011- 9 'Amendments to Australian Accounting Standards – Presentation of items of Other Comprehensive Income.'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. However the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial report.

AASB 2011-9 introduces 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.

1b. GOING CONCERN

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

For the half-year ended 31 December 2012, the Consolidated Entity has incurred a loss of $11,690,076 (31 December 2011: Profit $2,102,692), experienced net cash outflows from operating activities of $936,044 (31 December 2011: inflows $1,705,714), and has net current liabilities of $1,786,588 (30 June 2012: net current assets of $1,185,412) at that date.

During the period to 31 December 2012 and to the date of this report, the directors have taken the following steps to ensure the Consolidated Entity continues as a going concern.

- The Company has ceased providing financial support to its wholly owned Uruguayan subsidiary Palinir S.A. (Palinir). Palinir has liabilities of $0.9 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 Mineracao Ltda (Mineracao). Mineracao has liabilities of $0.8 million which it will seek to satisfy from the disposal of assets. In the event that the proceeds from the disposal of assets is insufficient to meet in full its liabilities, Mineracao will have no financial ability to settle this obligation without the financial support of the Company.

- Deferral of all discretionary expenditure.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon (i) raising additional capital, (ii) that no significant liabilities will revert to the Company relating to Palinir or Mineracao, and (iii) that its wholly owned Brazilian subsidiary Geologica Sondagens Ltda operates self-sufficiently..

The directors have prepared a cash flow forecast for the period ending 31 March 2014 which indicates that the current cash resources will not meet expected cash outgoings without the raising of additional capital. In accordance with the cashflow forecast, the Consolidated Entity will be required to raise approximately $500,000 in capital within three months and a further amount of approximately $1,500,000 through a capital raising and/or realisation of assets within six months in order to fund its ongoing operations over the course of the next 12 months. The directors are currently considering a range of options in relation to the funding requirements identified under the cashflow forecast.

Based on the cash flow forecast, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the consolidated entity be unable to raise the funding referred to above, there is a material uncertainty whether the consolidated entity 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 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 consolidated entity not continue as a going concern.

	Consolidated 31 December 2012 $	Consolidated 31 December 2011 $
2. REVENUE		
(a) Revenue and income		
Sales revenue from drilling operations	**2,880,828**	9,257,291
Gold production	**1,864,661**	3,312,023
Interest received	**43,615**	1,791
Other revenue	**13,518**	-
	4,802,622	12,571,105

(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 2012 $	Consolidated 30 June 2012 $
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	**541,726**	174,631
Short term deposits	**34,429**	1,834,451
	576,155	2,009,082

Non-cash financing and investing activities

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

4. PROPERTY PLANT AND EQUIPMENT

Opening written down value at beginning of period	**5,325,154**	4,182,024
Cost of assets acquired	**195,844**	2,925,057
Book value of assets disposed of	**(259,356)**	(109,024)
Depreciation expense	**(988,276)**	(1,672,903)
Impairment loss (i)	**(870,899)**	-
	3,402,467	5,325,154

(i) an impairment review has been undertaken with respect to property, plant and equipment in light of 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 has been necessary to recognise an impairment loss in some instances where the expected net realisable value was less than the carrying value amount.

	Consolidated 31 December 2012 $	Consolidated 30 June 2012 $

5. EXPLORATION AND EVALUATION EXPENDITURE

Balance at beginning of period	**7,244,785**	6,111,755
Exploration expenditure capitalised	**2,350,399**	1,133,030
Exploration impaired during the period (i)	**(9,595,184)**	-
	-	7,244,785

(i) As a consequence of the review that is currently being undertaken with respect to the Group's exploration activities in Brazil following suspension of trial mining activities at Ze Vermelho in December 2012, there is no exploration activity currently planned or budgeted. For this reason and pursuant to AASB 6 'Exploration for and Evaluation of Mineral Resources' and AASB 136 'Impairment of Assets' it has been necessary, in the absence of any certain future cash inflows arising from the exploration activities to date, to recognise an impairment loss equal to the carrying value of exploration expenditure capitalised at this time.

6. INTEREST BEARING LIABILITIES

Current		
Hire purchase liabilities	**298,070**	610,435
Loans from non-related entities	**56,120**	46,752
Loan from director related entity	**451,368**	-
	805,558	657,187
Non-Current		
Hire purchase liabilities	**276,497**	261,342
Loan from director related entity	**-**	464,565
	276,497	725,907

7. ISSUED CAPITAL

	31 December 2012		**30 June 2012**	
	No.	**$**	**No.**	**$**
Issued Capital				
Ordinary shares - fully paid	**462,311,076**	**24,675,964**	462,311,076	24,675,964
Contributing shares	**3,425,725**	**3,427**	3,425,725	3,427
	465,736,801	**24,679,391**	465,736,801	24,679,391

8. SEGMENT INFORMATION

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

Drilling operations 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 2012 the consolidated entity operated in the following Geographic Segments: Australia, Brazil and Uruguay. (2011: 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 Exploration & Evaluation $	Brazil Exploration & Evaluation $	Brazil Drilling Operations $	Uruguay Drilling Operations $	Total Operations $
31 December 2012					
Revenue (6 months)					
Sales to external 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)**
Assets and liabilities					
Segment assets	2,390,525	537,653	1,427,499	495,192	**4,850,869**
Segment liabilities	(955,982)	(1,012,198)	(405,156)	(1,138,151)	**(3,511,487)**
Segment net assets	**1,434,543**	**(474,545)**	**1,022,343**	**(642,959)**	**1,339,382**
Addition of non-current assets	**21,135**	**60,000**	**103,543**	**11,167**	**195,844**
Depreciation	**308,564**	**262,090**	**72,029**	**345,593**	**988,276**
31 December 2011					
Revenue (6 months)					
Sales to external customers	-	3,312,023	4,834,148	4,423,143	**12,569,314**
Finance revenue	1,759	-	32	-	**1,791**
Other	-	-	-	-	**-**
Segment revenue	**1,759**	**3,312,023**	**4,834,180**	**4,423,143**	**12,571,105**
Segment profit/(loss)	**412,202**	**1,771,250**	**359,299**	**(440,059)**	**2,102,692**
30 June 2012					
Assets and liabilities					
Segment assets	3,894,280	10,480,173	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	**2,602,683**	**9,496,766**	**250,872**	**679,124**	**13,029,445**
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)**

9. COMMITMENTS

Minimum Expenditure Commitments

The consolidated entity has minimum expenditure obligations relating to its Australian tenements of $53,800 (30 June 2012: $53,800) and obligations to meet in Brazil in respect of annual rents on granted tenements of $146,873 (30 June 2012: $146,873).

10. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 31 December 2012. There has been no change in liabilities since the last annual reporting date.

11. EVENTS SUBSEQUENT TO REPORTING DATE

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

<u>Execution of Option Agreement over Shoal Lake Gold Project</u>

On 5 February 2013, the Company announced that it had entered into 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 ("Project").

The Project has been the subject of substantial historical geological work and assessment, including surface drilling.

The Company has agreed to make quarterly option payments to KPM totalling CAD875,000 over a 4 year Option term and to complete a bulk sample extraction program during the Option term; the proceeds from which are to be split equally, after reimbursement to Cougar of its costs. The Company may exercise its option (and acquire a 51% interest in the Project) by a payment of CAD5,000,000 ("Option Exercise Fee'); with any payments made to KPM from the sharing of bulk sampling extraction program proceeds counting towards the Option Exercise Fee.

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 2012 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.

On behalf of the Board

Randal Swick
Managing Director

Perth, 15 March 2013

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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, which comprises the condensed statement of financial position as at 31 December 2012, and the condensed statement of profit or loss and comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 16.

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 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 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cougar Metals NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Deloitte.

Auditor's Independence Declaration

In conducting our review, 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 review report.

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 2012 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*.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 1(b) in the financial report which indicates that the Consolidated Entity has incurred a net loss of $11,690,076 and experienced net cash outflows from operating activities of $936,044 for the half year ended 31 December 2012 and had net current liabilities of $1,786,588 at that date. These conditions, along with other matters set forth in Note 1(b), indicate the existence of a material uncertainty which may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and therefore, the Consolidated Entity may be unable to realise its assets and extinguish its liabilities in the normal course of business.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Perth, 15 March 2013