COUGAR
METALS NL

ABN 27 100 684 053

HALF-YEAR FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2011

CORPORATE DIRECTORY

Directors

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

Secretary

Michael Fry

Registered Office

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Principal Office

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Auditors

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

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 2011. In order to comply with the provisions of the Corporations Act 2001 (Cth), the directors report as follows:

DIRECTORS

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

Randal Swick – Managing Director, Executive Chairman
Jeff Moore – Non-Executive Director
Paul Hardie – Non-Executive Director

REVIEW OF OPERATIONS

The net profit for the half-year attributable to members of Cougar Metals NL was $2,102,692 (31 December 2010: $13,621).

For the Group, the past six months has represented a continuation of the strong performance that occurred during the financial year ended 30 June 2011. The Company has achieved considerable exploration success and its drilling businesses have continued to build market recognition through the provision of a high quality service to their clients.

The half year also marked the achievement of a significant milestone: the construction and commissioning of a cyanide treatment circuit at Ze Vermelho. This circuit is designed to treat tailings generated from the existing gravity circuit and represents a significant increase in the Group's gold production capacity.

During this half, the group focussed its exploration efforts in and around the Ze Vermelho Gold Mine. Exploration activities included the continuation of trial mining within the Ze Vermelho underground mine in order to test the depth and continuity of gold mineralisation, the completion of an induced polarisation geophysical survey and surface mapping, sampling and drilling.

The trial mining undertaken generated revenue from gold sales in the half year of $3,312,023 (six months ended 31 December 2010: $52,554).

The induced polarisation geophysical survey has identified numerous structures in and around Ze Vermelho. One of the structures identified from the induced polarisation geophysical survey was tested during the half and resulted in the identification of an extension of the mineralisation of the Ze Vermelho vein to the south east; demonstrating that geophysics is likely to be a very valuable tool to assist the Company's geology team. Testing of the identified structures will begin in earnest in early calendar year 2012, following the end of the wet season and once the interpretation of the geophysical surveys is finalised.

Outside of Ze Vermelho, the Company continued to advance its explorations efforts and understanding within its Alta Floresta project by conducting geological assessment and drill testing at various prospects, most notably Cidinha, Tamandua and Baixo Velho.

Within the drilling business unit, the Group's Brazil drilling business showed a significant improvement in performance as expected. The tunaround is largely as a consequence of the decision to withdraw and reallocate drilling equipment away form a particularly difficult contract. The ability to focus management resources into the well–performing jobs has had a significant impact.

In Uruguay, the Group received notice in late October 2011 from its principal client that it would be scaling back drilling activity. Within a few weeks it became evident that a likely return to work on the previous scale was unlikely in the medium term and the Group immediately commenced the process of relocating its surplus equipment to Brazil. As at the date of this report, importation clearance has not yet been received.

Competent Persons Statement

The information in this report that relates to exploration results is based on information compiled by Dr Christopher Stephens who is a consultant to the Company. Dr Stephens is Principal of CJ Stephens Consulting Pty Ltd is a member of the Australian Institute of Geoscientists (AIG) and the Australia Institute of Mining and Metallurgy (AusIMM). Dr Stephens 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 "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Stephens consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CHANGES IN STATE OF AFFAIRS

There were no significant changes in the consolidated group's state of affairs during the half-year ended 31 December 2011.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2011 is set out on page 4.

Signed in accordance with a resolution of the directors.

Randal Swick

Randal Swick
Managing Director

Perth, 15 March 2012

Deloitte.

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

15 March 2012

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 review of the financial statements of Cougar Metals NL for the half-year ended 31 December 2011, 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

D J Hall
Partner
Chartered Accountants

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated 31 December 2011 $	Consolidated 31 December 2010 $
Revenue			
Rendering of services	2	**9,257,290**	7,589,522
Gold production	2	**3,312,023**	52,554
Other income	2	**1,792**	3,690
		12,571,105	7,645,766
Other expenses			
Accounting and audit expenses		**(75,915)**	(41,751)
Corporate expenditure and professional fees		**(31,799)**	(30,505)
Depreciation expense		**(807,282)**	(510,829)
Drilling expenses		**(7,312,761)**	(4,312,061)
Exploration costs impaired		**-**	(19,792)
Finance costs	2	**(11,357)**	(10,593)
Occupancy expenses		**(14,870)**	(102,737)
Office administration expenses		**(321,193)**	(250,544)
Other expenses from ordinary activities		**(1,523,236)**	(2,204,948)
Share based payments expense		**(370,000)**	(160,200)
Profit before income tax expense		**2,102,692**	1,806
Income tax benefit		**-**	11,815
Net profit for the period		**2,102,692**	13,621
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**(145,520)**	3,745
Total comprehensive income for the period		**1,957,172**	17,366
Profit attributable to:			
Owners of the parent		**1,957,172**	17,366
Non-controlling interests		**-**	-
		1,957,172	17,366
Basic earnings/(loss) per share (cents per share)		**0.52**	0.00
Diluted earnings/(loss) per share (cents per share)		**0.52**	0.00

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	Consolidated 31 December 2011 $	Consolidated 30 June 2011 $
ASSETS			
Current Assets			
Cash and cash equivalents	3	**630,788**	208,903
Trade and other receivables		**1,547,438**	2,389,039
Inventory		**1,950,477**	697,824
Other assets		**68,939**	43,491
Total Current Assets		**4,197,642**	3,339,257
Non-Current Assets			
Property, plant and equipment		**5,271,893**	4,182,024
Exploration and evaluation expenditure	4	**6,481,832**	6,111,755
Total Non-Current Assets		**11,753,725**	10,293,779
TOTAL ASSETS		**15,951,367**	13,633,036
LIABILITIES			
Current Liabilities			
Trade and other payables		**1,385,414**	1,487,200
Provisions		**915,798**	920,022
Borrowings	5	**521,429**	424,260
Total Current Liabilities		**2,822,641**	2,831,482
TOTAL LIABILITIES		**2,822,641**	2,831,482
NET ASSETS		**13,128,726**	10,801,554
EQUITY			
Issued capital	6	**20,420,122**	20,420,122
Foreign exchange reserve		**(55,746)**	89,774
Other reserve		**759,465**	389,465
Accumulated losses		**(7,995,115)**	(10,097,807)
TOTAL EQUITY		**13,128,726**	10,801,554

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Issued Capital	Accumulated Losses	Foreign Exchange Reserve	Share-based Payment Reserve	Total Equity
	$	$	$	$	$
Balance at 1 July 2010	20,420,122	(13,239,606)	(194,106)	229,265	7,215,675
Securities issued during the period (net of transaction costs)	-	-	-	-	-
Share-based payments	-	-	-	160,201	160,201
Total comprehensive income for the period	-	13,621	3,745	-	17,366
Balance at 31 December 2010	**20,420,122**	**(13,225,985)**	**(190,361)**	**389,466**	**7,393,242**
Balance at 1 July 2011	20,420,122	(10,097,807)	89,774	389,465	10,801,554
Securities issued during the period (net of transaction costs)	-	-	-	-	-
Share-based payments	-	-	-	370,000	370,000
Total comprehensive income for the period	-	2,102,692	(145,520)		1,957,172
Balance at 31 December 2011	**20,420,122**	**(7,995,115)**	**(55,746)**	**759,465**	**13,128,726**

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

CONDENSED CONSOLIDATED CASHFLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Consolidated 31 December 2011 $	Consolidated 31 December 2010 $
Cash flows from operating activities		
Receipts from customers	**12,158,263**	9,275,631
Payments to suppliers and employees	**(10,085,152)**	(7,061,567)
Payments for exploration and evaluation of tenements	**(366,009)**	(446,299)
Interest received	**1,791**	1,432
Interest paid	**(3,179)**	(7,015)
Net cash provided by operating activities	**1,705,714**	1,762,182
Cash flows from investing activities		
Payment for plant and equipment	**(1,372,820)**	(1,340,963)
Net cash (used in) investing activities	**(1,372,820)**	(1,340,963)
Cash flows from financing activities		
Proceeds from borrowings	**241,793**	456,581
Repayment of borrowings	**(152,802)**	(863,903)
Net cash provided by/(used in) financing activities	**88,991**	(407,322)
Net increase in cash and cash equivalents	**421,885**	13,897
Cash and cash equivalents at beginning of half-year	**208,903**	233,541
Cash and cash equivalents at end of half-year	**630,788**	247,438

The accompanying notes form part of these financial statements

1a. BASIS OF PREPARATION

This half year financial report for the period ended 31 December 2011 has been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Cougar Metals NL and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year.

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 2011, 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.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group.

1b. GOING CONCERN

The 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 Consolidated Entity has generated a profit for the half year of $2,102,692 and generated net cash flows from operating activities of $1,705,714.

As at 31 December 2011, the Consolidated Entity has net current assets of $1,375,001, which includes $630,788 in cash and cash equivalents, $1,547,438 in trade receivables and $1,385,414 in trade and other payables.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon the ability of the consolidated entity to continue to generate positive cash flows from:

1. it's contract drilling business in Brazil, including extending existing drilling activity at comparable rates; and
2. the ongoing trial mining at Ze Vermelho, Brazil.

In the event the above matters are not achieved, the Company will likely be required to raise funds for working capital from debt or equity sources.

The Directors have reviewed the 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 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 Consolidated Entity to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

1b. BASIS OF PREPARATION (Continued)

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the consolidated entity be unable to continue as a going concern.

	Consolidated 31 December 2011 $	Consolidated 31 December 2010 $
2. REVENUE, INCOME AND EXPENSES		
(a) Revenue, income and expenses		
Revenue		
Sales revenue from drilling operations	**9,257,290**	7,589,522
Gold production	**3,312,023**	52,554
Interest received	**1,792**	1,432
Other revenue	**-**	2,258
	12,571,105	7,645,766
Finance costs		
Director related entity loan	**8,178**	-
Other	**3,179**	10,593
	11,357	10,593
Other expenses		
Depreciation	**807,282**	510,829
	807,282	510,829

(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 2011 $	Consolidated 30 June 2011 $
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	**594,361**	128,363
Short term deposits	**36,427**	80,540
	630,788	208,903

(i) Non-cash financing and investing activities
There were no non-cash financing and investing activities during the period.

4. EXPLORATION AND EVALUATION EXPENDITURE

Balance at beginning of period	**6,111,755**	5,358,797
Exploration expenditure capitalised	**370,077**	752,958
	6,481,832	6,111,755

5. BORROWINGS

Hire purchase liabilities	**302,195**	-
Loans repayable (refer note (i))	**219,234**	424,260
	521,429	424,260

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

- The Company may elect to repay all or part of the total debt in cash at any time.
- Interest will accrue on the loan balance at the standard variable rate of interest charged by the National Australia Bank from time to time on secured overdraft facilities equal to the amount of the loan.

6. ISSUED CAPITAL

	31 December 2011		30 June 2011	
	No.	$	No.	$
Issued Capital				
Ordinary shares - fully paid	**406,223,576**	**20,416,696**	406,223,576	20,416,696
Contributing shares	**3,425,725**	**3,426**	3,425,725	3,426
	409,649,301	**20,420,122**	409,649,301	20,420,122
Movement in ordinary shares				
Balance at the beginning of the period	**406,223,576**	**20,416,696**	406,223,576	20,416,696
Transactions costs relating to issue of shares	**-**	**-**	-	-
	406,223,576	**20,416,696**	406,223,576	20,416,696

7. 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.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

7. SEGMENT INFORMATION (Continued)

(a) Reportable operating segments

	Australia Exploration & Evaluation	Brazil Exploration & Evaluation	Brazil Drilling Operations	Uruguay Drilling Operations	Brazil Gold Operations	Total Operations
	$	$	$	$	$	$
31 December 2011						
Revenue						
Sales to external customers	-	-	4,834,148	4,423,143	3,312,023	**12,569,314**
Finance revenue	1,759	-	32	-	-	**1,791**
Other	-	-	-	-	-	-
Segment revenue	**1,759**	**-**	**4,834,180**	**4,423,143**	**3,312,023**	**12,571,105**
Segment profit/(loss)	**412,202**	**-**	**359,299**	**(440,059)**	**1,771,250**	**2,102,692**
Assets and liabilities						
Segment assets	320,383	7,080,260	2,893,492	3,084,327	2,572,905	**15,951,367**
Segment liabilities	(1,135,140)	(15,921)	(167,640)	(275,885)	(497,325)	**(2,091,911)**
Segment net assets	**(814,757)**	**7,064,339**	**2,725,852**	**2,808,442**	**2,075,580**	**13,859,456**
Addition of non-current assets	**17,086**	**683,687**	**208,099**	**658,607**	**679,458**	**2,246,937**
Depreciation	**(3,234)**	**(52,067)**	**(389,490)**	**(248,558)**	**(113,933)**	**(807,282)**

7. SEGMENT INFORMATION (Continued)

31 December 2010						
Revenue						
Sales to external customers	-	52,554	3,666,158	3,923,364	-	**7,642,076**
Finance revenue	1,432	-	-	-	-	**1,432**
Other	2,258	-	-	-	-	**2,258**
Segment revenue	**3,690**	**52,554**	**3,666,158**	**3,923,364**	**-**	**7,645,766**
Segment profit/(loss)	**(504,390)**	**(211,638)**	**111,993**	**605,841**	**-**	**1,806**
30 June 2011						
Assets and liabilities						
Segment assets	344,922	6,480,459	2,869,866	2,803,736	1,134,053	**13,633,036**
Segment liabilities	(750,683)	(21,277)	(173,552)	(1,641,944)	(244,026)	**(2,831,482)**
Segment net assets	**(405,761)**	**6,459,182**	**2,696,314**	**1,161,792**	**890,027**	**10,801,554**
Addition of non-current assets	18,652	712,859	817,432	1,357,549	188,436	**3,094,928**
Depreciation	(14,389)	(47,326)	(738,846)	(364,067)	(175,240)	**(1,339,868)**

8. COMMITMENTS

Minimum Expenditure Commitments

The consolidated entity has minimum expenditure obligations relating to its Australian tenements of $53,000 (30 June 2011: $53,000) and obligations to meet in Brazil in respect of annual rents on granted tenements of $189,596 (30 June 2011: $189,596).

9. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 31 December 2011. There has been no change in liabilities since the last annual reporting date.

10. 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.

11. SHARE BASED PAYMENTS

The following share-based payment arrangements were provided to Mr Michael Fry (Chief Financial Officer & Company Secretary) during the current reporting period:

Option series	Number	Grant date	Expiry date	Expiry price	Fair value at grant date
Management Options	5,000,000	11-Jul-11	04-Jul-14	$0.041	$135,000
Management Options	5,000,000	11-Jul-11	04-Jul-14	$0.051	$125,000
Management Options	5,000,000	11-Jul-11	04-Jul-14	$0.065	$110,000

11. SHARE BASED PAYMENTS (Continued)

The Black & Scholes Option Valuation model was applied to calculate fair value of the options granted . The following table provides the assumptions made in determining the fair value of the options issued.

Employee share options			
Number of options	5,000,000	5,000,000	5,000,000
Dividend yield	Nil	Nil	Nil
Expected volatility	90%	90%	90%
Risk-free interest rate	4.84%	4.84%	4.84%
Expected life of option	3 years	3 years	3 years
Option exercise price	$0.041	$0.051	$0.065
Share price at grant date	$0.044	$0.044	$0.044

DIRECTORS' DECLARATION

The directors of the company declare that:

1) The financial statements and notes set out on pages 5 to 15 are in accordance with the Corporations Act 2001, including:

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

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year then ended.

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

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

Randal Swick

Randal Swick
Managing Director

Perth, 15 March 2012

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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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 2011, and the condensed statement of 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 2011 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 2011 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 qualifying our conclusion, we draw attention to Note 1b in the financial report which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the ability of the consolidated entity to continue to generate positive cash flows from its drilling businesses and trial mining operation at Ze Vermelho, Brazil. These conditions, along with other matters as set forth in Note 1b, 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 therefore, it may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D J Hall
Partner
Chartered Accountants
Perth, 15 March 2012