COUGAR METALS NL
AND CONTROLLED ENTITIES
(Subject to Deed of Company Arrangement)

ABN 27 100 684 053

CONSOLIDATED ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Directors
Randal Swick
David Symons
Scott Reid

Company Secretary
Ben Donovan

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Your Directors present their report on Cougar Metals NL (the "Company") and its controlled entities (together referred to as the "Group") for the financial year ended 30 June 2020.

DIRECTORS

Directors have been in office since the start of the financial year and up to the date of this report unless otherwise stated. Directors of the Company in office and at any time during, or since the end of the financial year are:

Randal Swick	Executive Chairman
David Symons	Non-Executive Director
Brian Thomas	Non-Executive Director (Resigned 31 July 2019)
Scott Reid	Non-Executive Director (Appointed 1 August 2019)

COMPANY SECRETARY

Ben Donovan was appointed Company Secretary on the 31 January 2019. Mr Donovan currently sits as Company Secretary of several ASX listed and public unlisted companies and has extensive experience in listing rules compliance and corporate governance, having served as a Senior Advisor at the Australian Securities Exchange in Perth, as well as being a member of the ASX JORC Committee.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the period were:

i) Geological review of the Pyke Hill Nickel-Cobalt laterite deposit to upgrade the existing resource to JORC 2012 standards and continuing assessment of development options for the project;
ii) Preliminary geological assessment of the Plateado Cobalt Project in Chile and the Ceara Lithium Project in Brazil;
iii) Geological assessment of the Toamasina Saprolitic Graphite Project, Madagascar and subsequent arbitration proceedings following a dispute with the Company's joint venture partner DNI Metals Inc ("DNI"); and
iv) Finalisation of arbitration proceedings with Kenora Prospectors & Miners ("KPM") over the KPM property in the Shoal Lake Region of Ontario, Canada.

OPERATING RESULTS

The Statement of Profit or Loss and Other Comprehensive Income shows a net loss from ordinary activities after tax attributable to the members of the Group for the year ended 30 June 2020 of $598,868 (2019: $2,083,159). The net asset deficiency of the Group as at 30 June 2020 was $8,807,707 (2019: $8,207,975).

DIVIDENDS PAID OR RECOMMENDED

The Directors recommend that no dividend be paid for the year ended 30 June 2020. No amounts have been paid or declared by way of dividend since the end of the previous financial year.

REVIEW OF OPERATIONS

Toamasina / Vohitsara Graphite Project (Madagascar)

On 25 September 2018, and as announced to the ASX, the Company reached a settlement of arbitration proceedings with DNI Metals Inc. (DNI). The settlement provided for payment to Cougar by DNI of CAD$2,500,000.

The parties agreed to settle all other matters between them, including a claim in the Ontario Superior Court brought against DNI and its directors, by two employees of Cougar for false allegations leading to wrongful imprisonment of one employee. The settlement provided for the payment of CAD$50,000 to the employee wrongfully imprisoned in return for a release of all claims, which was to take effect on the completion of the settlement.

The Company received the first settlement tranche of CAD$250,000, following the issue of a default notice to DNI on 27 March 2019. A second default notice was issued on 27 June 2019 in respect of the non-payment of the second tranche.

On 24 July 2019, one day prior to a payment deadline, DNI issued a Notice of Breach claiming that Cougar had breached the Settlement Agreement by making public derogatory statements regarding the honesty and commercial sensibility of DNI Managing Director Mr Dan Weir and his involvement in the false imprisonment of a Cougar employee.

Cougar Metals then initiated a further arbitration hearing which determined that no damage was suffered by DNI Metals by the alleged breach and that the suspended payment including costs of $4250 was due and payable by December 4, 2019, however DNI also failed to make this payment rendering the balance of $2.25M to become due and payable.

During the year Cougar determined it was not commercially viable to pursue the debt at that time.

Ceara Lithium Project (Brazil)

On 3 August 2016, the Company entered into a Letter of Intent with MMH Capital Ltd (MMH) to acquire an 85% interest in MMH's Ceara Lithium Project located in Ceara state, in north-eastern Brazil. The project comprises 30 applications covering approximately 51,000 hectares across two separate areas lying in excess of 150 kilometres apart, being: (i) an area covering the historical lithium mining centre at Solonopole, and (ii) an area encompassing a pegmatite swarm at Cristais.

No field exploration work was conducted during the year as Cougar elected to reduce its interest to a 25% contributing interest in the properties with MMH retaining 75%.

Shoal Lake Gold Project (Canada)

In 2015, Cougar's 100% owned subsidiary, Tycoon Gold Resources Inc ("Tycoon") initiated arbitration proceedings against KPM relating to the conduct of KPM and alleged breaches of certain representations and warranties made by KPM under the option agreement. In 2016, the results of the arbitration initiated by Tycoon, in relation to the Shoal Lake East Gold Project were handed down with Tycoon succeeding on all major matters raised in the arbitration proceedings. The arbitrator awarded Tycoon costs totalling CAD$297,165 on an indemnity basis and ordered KPM to comply with various orders.

Following the failure of KPM to comply with the arbitrator's auditors, a damages hearing was conducted in Toronto Canada in June 2018. Total damages of CAD$1.75 million was awarded to Cougar against KPM in November 2018.

REVIEW OF OPERATIONS (CONTINUED)

In January 2019, a final award including damages, costs and interest was handed down totalling CAD$2.514 million. As KPM does not have sufficient cash to meet any payment of the award, Cougar is currently taking steps to have the award enforced. This may entail the forced sale of KPM's Shoal Lake East Gold Project in the absence of an alternative arrangement.

Pyke Hill Project (Western Australia)

The Pyke Hill Nickel/Cobalt project lies 40km south of Murrin Murrin Nickel Operations, east of the Murrin East Project area and immediately north of the current Murrin East mining operations. The deposit has a strike length of 2,100m and is up to 450m wide and attains a maximum depth of 60m below surface and sits entirely within the granted mining lease M39/159 held jointly by Pyke Hill Resources Pty Ltd and Richore Pty Ltd. A haul road traverses the tenement, adjacent to the delineated resource.

An updated JORC 2012 compliant mineral resource estimate was released on ASX on the 11 September 2018 for the Pyke Hill Nickel-Cobalt laterite deposit. A nickel envelope was interpreted using a 0.8% Ni cut-off which provided a largely continuous horizon, typically 25m to 30m in thickness. A distinct zone of cobalt enrichment is also present in the deposit. A cobalt envelope was interpreted using a 0.08% Co cut-off which defined a largely continuous close to surface blanket of mineralisation typically 10m to 20m in thickness.

Co Domain	**Class**	**Tonnes Mt**	**Ni %**	**Co %**	**Ni Metal Tonnes**	**Co Metal Tonnes**
High Co	Measured	1.9	0.94	0.13	17,900	2,500
>0.08% Co	Indicated	3.0	0.94	0.14	28,600	4,300
	Sub Total	**5.0**	**0.94**	**0.14**	**46,500**	**6,800**
Low Co	Measured	2.3	1.05	0.04	23,800	900
>0.8% Ni, <0.08% Co	Indicated	3.2	1.02	0.04	32,600	1,200
	Sub Total	**5.5**	**1.03**	**0.04**	**56,500**	**2,100**
Total	Measured	4.2	1.00	0.08	41,800	3,400
>0.8% Ni or >0.08% Co	Indicated	6.3	0.98	0.09	61,500	5,500
	Total	**10.5**	**0.99**	**0.08**	**103,300**	**8,900**

Table 1: Pyke Hill June 2018 Mineral Resource (>0.8% Ni or > 0.08% Co)
(Rounding discrepancies may occur in summary tables)

Cougar believes that this resource will provide significant economic benefits with its proximity to the Murrin Murrin Nickel Operations. The majority of the cobalt-rich blanket occurs within the upper part of the nickel envelope however in places it extends above the nickel envelope.

On 23 July, 2019 a plaint brought by Richore Pty Ltd (a 50% owner of M39/159) to remove Cougar's caveat over Richore's 50% interest in M39/159 was heard in the Perth Warden's court.

The Warden's decision, delivered in April 2020, determined that Cougar's caveat was to remain in place and awarded costs in Cougar's favour.

Contract Drilling Business

The Company made the decision to cease contract drilling operations during the prior year as a result of poor exploration and economic conditions in Brazil. The Company continues to market the remaining drilling equipment in Brazil and divesting its non-core subsidiaries in order to simplify the group's corporate structure and remove unnecessary holding and corporate costs.

CORPORATE EVENTS

- The Company announced on 6th June 2018 that it had entered into a funding agreement with the Australian Special Opportunity Fund, LP, an entity managed by New York based, The Lind Partners, LLC (Together, Lind), for funding of up to A$3.15 million.
- On 25 July 2019, the Company received a conversion request from Australian Special Opportunities Fund (ASOF) (to convert a $50,000 convertible note to 55,555,555 shares in the Company pursuant to a funding agreement (see ASX release dated 6th June, 2018 for further details).
- On 1 August 2019 the Company announced the resignation of Mr Brian Thomas as a director, and appointment of Mr Scott Reid.
- On 20 August 2019, the Company announced that it had not complied with the conversion notice from ASOF. ASOF then issued a default notice claiming that the ASOF debt of $860,000 plus interest was payable by 7 November 2019.
- On 1 October 2019, the shares in the Company were suspended for failing to lodge the Annual Accounts and the Company was suspended from the Australian Securities Exchange.
- On 30 June, 2020 the Board of Directors appointed Bryan Hughes and Daniel Bredenkamp of Pitcher Partners as Joint and Several Administrators of the Company.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The focus of the Group in the immediate future is to:

- Investigate opportunities to develop, sell, partner, or joint venture the Pyke Hill Nickel / Cobalt Resource at the Pyke Hill Project in Australia;
- Continue the disposal of the Company's non-core assets; and
- Investigate opportunities to exit administration.

EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years except as stated below.

- The Company sold three drilling rigs receiving a total of $263,450 subsequent to balance date.
- On 3 August 2020, the second meeting of creditors was held. At the meeting creditors resolved that the Company execute a Holding Deed of Company Arrangement (Holding DOCA).
- On 24 August 2020, the Company announced that following a resolution passed by creditors at the second meeting of creditors, the Company executed a Holding DOCA on 20 August 2020 and Bryan Hughes and Daniel Bredenkamp were appointed Joint and Several Deed Administrators of the Company on the same day.
- On 8 September 2020, ASOF withdrew their application to wind up the Company.
- On 26 October 2020, the Company filed a plaint with the Warden's Court seeking a declaration that the Company holds all Nickel and Cobalt Laterite rights (**Rights**) of M39/159 (Pyke Hill tenements) pursuant to the terms of the Option Agreement executed with Greater Australia Gold Pty Ltd (now Pyke Hill Resources Pty Ltd) and the Company on 30 April 2004 (**Option Agreement**) (**Plaint**).
- On 13 November 2020, Pyke Hill Resources Pty Ltd issued a Notice of Termination in regard to the Option Agreement claiming the Company has not kept the Pyke Hill tenements in good standing. The Company subsequently responded denying that the Option Agreement had been lawfully terminated, noting that the termination was invalid and of no force and effect because no right of termination arose under the terms of the Option Agreement or otherwise at common law. The first hearing for the Plaint was scheduled to be held in April 2021.
- On 1 December 2020, the Company announced that following a resolution passed by creditors at the third meeting of creditors, the Company varied the Holding DOCA to extend its sunset date by 3 months to 20 February 2021.

EVENTS AFTER BALANCE DATE (CONTINUED)

- On 4 March 2021, the Company announced that following a resolution passed at the fourth meeting of creditors, the Company varied the Holding DOCA to extend its sunset date by three months from 20 February 2021 to 20 May 2021.
- On 6 August 2021, the Company announced that following a resolution passed at the sixth meeting of creditors, the Company executed a Recapitalisation Deed of Company Arrangement (Recapitalisation DOCA) to facilitate the recapitalisation and restructure of the Company.
- On 16th August 2021, the Company sold all rights to the remaining assets other than the Pyke Hill Nickel rights realising $60,000.
- On 9 September 2021, a decision from the Perth Warden Court, relating to the dispute with Richore and the purported termination of the Pyke hill agreement by Pyke Hill Resources, was delivered entirely in the Company's favour. The Warden deemed Cougar's option agreement was still in force and applicable to 100% of the nickel and cobalt rights over tenement M39/159 (Pyke Hill).

ENVIRONMENTAL ISSUES

The Group has a policy of complying with its environmental performance obligations. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

INFORMATION ON DIRECTORS

Randal Swick	Executive Chairman
Qualifications	B.Eng. (Mech)
Experience	Randal Swick is a mechanical engineer with approximately 30 years' experience in the metals and mining industry with a strong focus on gold and nickel exploration in both surface and underground environments. Randal was a founding director of Cougar and has held the position of Managing Director or Executive Chairman since its initial listing on the ASX in 2013.
Interest in Shares and Options	451,466,224 ordinary fully paid shares 18,550,000 options exercisable at $0.01 on or before 31 March 2022
Directorships held in other listed entities within past three years	Nil

INFORMATION ON DIRECTORS (CONTINUED)

David Symons	Non-Executive Director
Qualifications	B.Sc (Extractive Metallurgy)
Experience	David Symons has worked in the mining industry, both in Australia and overseas, for approximately 30 years. Since 1998, Mr Symons has been the Managing Director of Independent Metallurgical Operations Pty Ltd, a leading metallurgical services company in Australia. In this capacity, Mr Symons has undertaken operations management, project work and consulting to clients across a range of commodities.
Interest in Shares and Options	3,387,433 fully paid ordinary shares
Directorships held in other listed entities within past three years	Nil
Brian Thomas	Non-Executive Director (Resigned 31 July 2019)
Qualifications	B.Sc (Geology and Economic Geology)
Experience	Mr Brian Thomas has worked in the resources and mining sector for more than 30 years and brings strong commercial and corporate expertise to the Board of Cougar Metal. Mr. Thomas has held both Executive and Non-Executive roles with numerous other ASX listed and unlisted companies after an extensive career in the financial services sector working in corporate stockbroking, investment banking, funds management and banking. Mr. Thomas has an MBA and is a member of the Securities Institute of Australia with a Certificate in Applied Finance and Investment.
Interest in Shares and Options	Nil
Directorships held in other listed entities within past three years	Non-Executive Director of Auris Minerals Ltd (April 2018 - Mar 2020) Non-Executive Director of Paterson Resources Ltd (Mar 2019- current)
Scott Reid	Non-Executive Director (Appointed 1 August 2019)
Qualifications	B.Sc (Geology and Economic Geology)
Experience	Mr Scott Reid has over 28 years of experience in exploration, development and mining finance sectors. Mr Scott Reid was involved in the development of a number of successful listed companies. He has been instrumental in identifying, acquiring, financing, listing and development of operating mineral resource projects.
Interest in Shares and Options	Nil
Directorships held in other listed entities within past three years	Nil

REMUNERATION REPORT – AUDITED

This remuneration report for the year ended 30 June 2020 outlines the remuneration of the Group in accordance with the requirements of Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by Section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent.

For the purposes of this report, the term "executive" includes the Managing Director (MD) or Executive Chairman, executive directors (where applicable) and senior executives of the Group.

Remuneration Governance

The Board of Directors established a Remuneration Committee for the purpose of reviewing and making recommendations with respect to the remuneration practices of the Company.

Given the size of the Company, the Committee currently comprises of Mr David Symons (Chair), Mr Randal Swick and Mr Scott Reid.

The Board of Directors prepared and approved a charter as the basis on which the committee will be constituted and operated. The role of the Remuneration Committee is to provide an independent mechanism for the determination, implementation and assessment of the remuneration practices of the Company, including remuneration packages and incentive schemes for executive Directors and senior management, and fees payable to Non-Executive Directors.

The Committee's objective is to ensure that remuneration policies and structures are fair and competitive, and aligned with the long-term interests of the Group.

From time to time, the Committee may seek external remuneration advice. Where this is the case, remuneration consultants are engaged by, and report directly to, the Committee. In selecting remuneration consultants, the Committee considers potential conflicts of interest and requires independence from the Group's KMP as part of the terms of engagement.

The Corporate Governance Statement provides further information on the role of the Remuneration Committee.

Remuneration Policy

The remuneration policy of Cougar Metals NL and its Controlled Entities has been designed to align Director and executives objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on share price performance. The Board believes that remuneration policy is appropriate and effective in its ability to attract, retain and motivate suitably qualified and experienced Directors and executives to run and manage the economic entity, as well as create goal congruence between the Directors and executives and the Company's shareholders.

Specifically, the remuneration policy has been put in place to ensure that:

1) Remuneration policies and systems support the Company's wider objectives and strategies;
2) Directors' and senior executives remuneration is aligned to the long-term interests of shareholders within an appropriate control framework;
3) Directors' and senior executives remuneration reflect the persons' duties and responsibilities;
4) Directors' and senior executives remuneration is comparative in attracting, retaining and motivating suitably qualified and experienced people; and
5) There is a clear relationship between performance and remuneration.

REMUNERATION REPORT – AUDITED (CONTINUED)

Remuneration Structure
In accordance with best practice corporate governance, the structure of Non-Executive Director, executive Director and senior executive management remuneration is separate.

Voting and Comments Made at the 2020 Annual General Meeting
The Company did not hold an Annual General Meeting for the current financial year.

Non-Executive Director Remuneration
Objective
The Board seeks to set remuneration at a level which provides the Company with the ability to attract and retain suitably qualified and experienced Directors, whilst incurring a cost which is acceptable to shareholders.

Structure
Each Non-Executive Director receives a fee for being a Director of the Company. Non-Executive Directors should be adequately remunerated for their time and effort and the risks involved. Non-Executive Directors are remunerated to recognise the responsibilities, accountabilities and associated risks of being a Director. All Non-Executive Directors' performance and remuneration is reviewed on an annual basis by the Managing Director, who in turn makes a recommendation to the Remuneration Committee. The Company has two Non-Executive Directors, who both receive $42,000 per annum Non-Executive Directors are eligible to participate in employee share and option arrangements. Board operating costs do not form part of Non-Executive Directors' remuneration.

Executive Directors and Senior Executives Remuneration
Objective
The Company aims to reward executive Directors and senior executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company.

Fixed Remuneration
The components of the executive Directors and senior executives fixed remuneration are determined individually and may include:

1) cash remuneration;
2) superannuation contributions made by the Company;
3) accommodation and travel benefits;
4) motor vehicle, parking and other benefits; and
5) reimbursement of entertainment, home office and telephone expenses.

The senior executives' remuneration is reviewed on an annual basis by the Managing Director, who in turn makes a recommendation to the Remuneration Committee.

In determining a remuneration package, the Remuneration Committee reviews the individual's remuneration relative to positions in comparable companies through the use of market data. Where appropriate, the package is adjusted to keep pace with market trends and ensure continued remuneration competitiveness. In conducting a comparative analysis, the Company's expected performance for the year would be considered in the context of the Company's capacity to fund remuneration budgets. From time to time, a review of the total remuneration package by an independent consultant in this field may be undertaken to provide an independent reference point.

REMUNERATION REPORT – AUDITED (CONTINUED)

Variable Remuneration
The executive Directors and senior executives may receive variable remuneration as follows:

1) Short term incentives - the executive Directors and senior executives are eligible to participate in a bonus if so determined by the Board and Remuneration Committee; and
2) Long term incentives - the executive Directors and senior executives are eligible to receive shares and options if so determined by the Board and Remuneration Committee.

Employment Contracts with Key Management Personnel
During the year, the Group has contracts with the following Key Management Personnel:

Randal Swick (Executive Chairman)
The key terms of Mr Randal Swick's current service agreement, through Corporate Management Services LLC, are as follows:

- The service arrangement continues until terminated.
- Fixed remuneration of $218,400 per annum.
- There are no termination benefits at the completion of the contract term. However, if the Company wishes to terminate the contract, other than if Randal Swick was found guilty of any gross misconduct or a serious and persistent breach of the service agreement, the Company is required to pay to Randal Swick that amount which otherwise would have been paid under the service agreement for a period of six months, plus an additional two months (calculated on a pro rata basis) in respect of each year of service.

Performance Summary
The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2020:

	30 June 2020	**30 June 2019**	**30 June 2018**	**30 June 2017**	**30 June 2016**
	$	**$**	**$**	**$**	**$**
Revenue*	391	687,215	883,766	2,354,542	2,237,091
Net (loss) after tax *	(598,868)	(2,083,159)	(3,426,045)	(1,446,829)	(1,584,781)
Share price at start of year	$0.001	$0.004	$0.009	$0.002	$0.001
Share price at end of year	$0.001	$0.001	$0.004	$0.009	$0.002
Dividend	-	-	-	-	-
Basic and diluted loss per share from continuing operations (cents)	(0.07)	(0.17)	(0.27)	(0.10)	(0.24)

*Includes discontinued operations

REMUNERATION REPORT – AUDITED (CONTINUED)

Details of Remuneration

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology or other accepted methodologies.

2020	Short Term Employee Benefits: Salary, Fees and Commissions	Other	Non-Cash Benefits	Post-Employment Benefits: Superannuation Contributions	Share Based Payments (Options)	Total	Options as Compensation
	$	$	$	$	$	$	%
Directors							
Randal Swick (i)	218,400	-	-	-	-	218,400	0%
David Symons (ii)	42,000	-	-	-	-	42,000	0%
Brian Thomas (iii)	3,500	-	-	-	-	3,500	0%
Scott Reid (iv)	38,500	4,500	-	-	-	43,000	0%
	302,400	**4,500**	**-**	**-**	**-**	**306,900**	

(i) Made payable to Swick Nominees Pty Ltd
(ii) Made payable to Independent Metallurgical Operations Pty Ltd
(iii) Made payable to B D Thomas & Associates. Resigned as Non-Executive Director 31 July 2019
(iv) Appointed as Non-Executive Director 1 August 2019

2019	Short Term Employee Benefits: Salary, Fees and Commissions	Other	Non-Cash Benefits	Post-Employment Benefits: Superannuation Contributions	Share Based Payments (Options)	Total	Options as Compensation
	$	$	$	$	$	$	%
Directors							
Randal Swick (v)	218,400	-	-	-	-	218,400	0%
David Symons (vi)	42,000	-	-	-	-	42,000	0%
Brian Thomas (vii)	42,000	-	-	-	-	42,000	0%
Key Management Personnel							
Scott Reid(viii)	40,000	-	-	-	-	40,000	0%
	342,400	**-**	**-**	**-**	**-**	**342,400**	

(v) Made payable to Corporate Management Services LLC
(vi) Made payable to Independent Metallurgical Operations
(vii) Made payable to B D Thomas & Associates
(viii) Resigned as General Manager on 31 October 2018

REMUNERATION REPORT – AUDITED (CONTINUED)

Equity Instruments Relating to Key Management Personnel

Shareholdings

The numbers of shares in the Company held during the financial year by each Director and key management person of Cougar Metals NL, including their personally related parties, are set out below:

2020	Balance at beginning of year	Granted during year as compensation	Balance on resignation	Other changes during year	Balance at end of year
Randal Swick	451,466,224	-	-	-	451,466,224
David Symons	3,387,433	-	-	-	3,387,433
Brian Thomas	-	-	-	-	-
Scott Reid	-	-	-	-	-

Option holdings

The numbers of options in the Company held during the financial year by each Director and key management person of Cougar Metals NL, including their personally related parties, are set out below:

2020	Balance at beginning of year	Granted during year as compensation	Balance on resignation	Other changes during year	Balance at end of year
Randal Swick	18,550,000	-	-	-	18,550,000
David Symons	-	-	-	-	-
Brian Thomas	-	-	-	-	-
Scott Reid	-	-	-	-	-

Other Transactions with the Company

A number of directors of the Company, or their director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The terms and conditions of the transactions with directors and their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts paid or payable during the year relating to directors and their director-related entities were:

Related entities	Transaction	2020 $	2019 $
Swick Nominees Pty Ltd / Corporate Management Services LLC – Randal Swick	Consulting fees (Marcia Swick)	30,000	30,309
Metallurgical Pty Ltd – David Symons	Metallurgical services	-	20,737
Independent Metallurgical Operations – David Symons	Metallurgical services	-	720

REMUNERATION REPORT – AUDITED (CONTINUED)

Payable to Related Parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2020	2019
Trade and other payables	$	$
Corporate Management Services LLC – Randal Swick	1,062,333	1,087,333
Swick Nominees – Randal Swick	436,800	218,400
Randal Swick - reimbursement	17,391	-
Marcia Swick – Randal Swick	60,000	37,500
Independent Metallurgical Operations – David Symons	133,720	27,742
B D Thomas and Associates – Brian Thomas	34,500	15,250
Scott A Reid	40,000	14,772
Loan from Related Parties		
Marcia Swick*	1,429,223	1,380,058

* $45,942 relates to discontinued operations (2019: $923,456). Refer to Note 15 for more details on loan.

End of Remuneration Report

MEETING OF DIRECTORS

During the financial year, no meetings of Directors (including meetings by circular resolution) were held. Attendances by each Director during the year were as follows:

	Board Meetings		Audit and Compliance Committee Meetings	
Director	**Number Eligible to Attend**	**Number Attended**	**Number Eligible to Attend**	**Number Attended**
Randal Swick	1	1	-	-
David Symons	1	1	-	-
Scott Reid	1	1	-	-

OPTIONS AND RIGHTS HOLDINGS

There were 83,834,752 unlisted options on issue during the year ended 30 June 2020 (2019: 83,834,752). No unlisted options expired during the year, and no options were exercised during the year.

Grant Date	Expiry Date	Exercise Price	Number of Options
7 June 2018	7 June 2021	$0.01	40,000,000
11 March 2019	31 March 2022	$0.01	43,834,752

INDEMNIFYING OFFICERS OR AUDITOR

The Group has agreed to indemnify all the directors and executive officers for any costs or expenses that may be incurred in defending civil and criminal proceedings that may be brought against the officers in their capacity as officers of entities of the Group for which they may be held personally liable. The Company has paid a premium to insure the directors and officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

INDEMNIFYING OFFICERS OR AUDITOR (CONTINUED)

The Company has not entered into any agreement to indemnify Hall Chadwick against any claims by third parties arising from their report on the consolidated annual report.

PROCEEDINGS ON BEHALF OF COMPANY

Other than as referred to in this report, no person has applied for leave of Court to bring proceedings on behalf of the Company or one of its consolidated entities or intervene in any proceedings to which the Company or one of its consolidated entities is a party for the purpose of taking responsibility on behalf of the Company or one of its consolidated entities for all or any part of those proceedings.

CORPORATE GOVERNANCE

The Board of Directors is responsible for the corporate governance of the Company and has adopted a range of corporate governance policies consistent with the third edition of "Principles of Good Corporate Governance and Recommendations" released by the ASX Corporate Governance Council, to the extent that such recommendations are consistent with the current structure and objectives of the Company. The Company is aware of the 4th edition of the ASX principles and recommendations recently released and will adopt these in the next reporting period.

AUDITOR

Non-Audit Services

The Company may decide to employ its auditor Hall Chadwick on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important. During the year, no non-audit services were performed by the auditor.

Auditor's Declaration of Independence

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 15.

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

Randal Swick

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Randal Swick
Executive Chairman

Dated this 30th day of September 2021

To the Board of Directors

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

As lead audit partner for the audit of the financial statements of Cougar Metals NL for the financial year ended 30 June 2020, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated this 30th day of September 2021

	Note	Consolidated 2020 $	Consolidated 2019 $
Continuing operations			
Finance revenue	2	391	547
Other income	2	-	356,734
		391	357,281
Accounting and audit expenses		(85,253)	(124,469)
Corporate expenditure and professional fees	3b	(387,181)	(464,897)
Depreciation expense	11	-	-
Doubtful debts expense		-	(13,753)
Exploration costs		(61,849)	-
Finance costs	3a	(244,959)	(269,732)
Foreign exchange gain / (loss)		71	(22,255)
Impairment of assets	13	-	(392,261)
Legal expense		(71,373)	(706,138)
Office administration expenses		(4,815)	(11,826)
Operating expenses		(4,117)	(92,243)
Other expenses		-	7,588
Loss from continuing operations before income tax		(859,085)	(1,732,705)
Income tax benefit	4	-	-
Loss for the year after income tax from continuing operations		**(859,085)**	**(1,732,705)**
Discontinued operations			
Loss for the year after income tax from discontinued operations	12	260,217	(350,454)
Loss for the year		**(598,868)**	**(2,083,159)**
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(864)	(3,449)
Total comprehensive loss for the year		**(599,732)**	**(2,086,608)**
Loss per share from continuing operations			
Basic loss per share (cents)	7	(0.07)	(0.17)
Diluted loss per share (cents)	7	(0.07)	(0.17)
Loss per share from continuing and discontinued operations			
Basic loss per share (cents)	7	(0.05)	(0.21)
Diluted loss per share (cents)	7	(0.05)	(0.21)

The accompanying notes form part of this annual report.

	Note	Consolidated 2020 $	Consolidated 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	5,623	186,260
Trade and other receivables	9	55,782	4,350
Other assets	10	-	6,131
		61,405	196,741
Assets classified as held for sale	12	1,216	1,381
Total Current Assets		62,621	198,122
Non-Current Assets			
Exploration and evaluation expenditure	13	-	-
Total Non-Current Assets		-	-
Total Assets		62,621	198,122
LIABILITIES			
Current Liabilities			
Trade and other payables	14	2,714,279	2,171,478
Loans and borrowings	15	2,291,695	1,121,483
		5,005,974	3,292,961
Liabilities directly associated with Assets classified as held for sale	12	3,864,354	5,113,136
Total Current Liabilities		8,870,328	8,406,097
Total Liabilities		8,870,328	8,406,097
Net Liabilities		**(8,807,707)**	**(8,207,975)**
EQUITY			
Issued capital	16	28,912,223	28,912,223
Reserves	17	(504,417)	(503,553)
Accumulated losses		(37,215,513)	(36,616,645)
Net Deficit		**(8,807,707)**	**(8,207,975)**

The accompanying notes form part of this annual report.

	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Net Deficit $
Balance at 30 June 2018	**28,580,190**	**(34,669,006)**	**331,520**	**(688,516)**	**(6,445,812)**
Loss for the year	-	(2,083,159)	-	-	(2,083,159)
Foreign currency translation	-	-	-	(3,449)	(3,449)
Total comprehensive income for the year	-	(2,083,159)	-	(3,449)	(2,086,608)
Equity issued during the year (net of issue costs)	102,033	-	-	-	102,033
Collateral shares forgiven	30,000	-	-	-	30,000
Convertible note	200,000	-	-	-	200,000
Share-based payments	-	-	(7,588)	-	(7,588)
Expiry of options	-	135,520	(135,520)	-	-
Balance at 30 June 2019	**28,912,223**	**(36,616,645)**	**188,412**	**(691,965)**	**(8,207,975)**
Loss for the year	-	(598,868)	-	-	(598,868)
Foreign currency translation	-	-	-	(864)	(864)
Total comprehensive income for the year	-	(598,868)	-	(864)	(599,732)
Balance at 30 June 2020	**28,912,223**	**(37,215,513)**	**188,412**	**(692,829)**	**(8,807,707)**

The accompanying notes form part of this annual report.

	Note	Consolidated 2020 $	Consolidated 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	262,498
Payments to suppliers and employees		(246,694)	(1,151,189)
Interest received		391	516
Interest paid		-	-
Net cash (used in) operating activities	8a	(246,303)	(888,175)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	387,070
Payments for exploration and evaluation		-	(165,583)
Purchase of plant and equipment		-	-
Net cash generated from investing activities		-	221,487
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		-	101,139
Payments for share issue costs		-	(36,206)
Proceeds from convertible loan		-	550,000
Payments for convertible note transaction costs		-	-
Proceeds from borrowings		133,776	1,629,472
Repayment of borrowings		(68,275)	(1,418,521)
Net cash generated from financing activities		65,501	825,884
Cash and cash equivalents at beginning of financial year		187,641	24,543
Effects of exchange rate changes on cash and cash equivalents		-	3,902
Net (decrease)/increase in cash and cash equivalents held		(180,802)	159,196
Cash and cash equivalents at end of financial year	8b	**6,839**	**187,641**

The accompanying notes form part of this annual report.

1 Statement of Significant Accounting Policies

(a) Basis of Preparation

Cougar Metals NL (the “Parent” or the “Company”) is a public company listed on the Australian Securities Exchange Limited (“ASX”) (currently suspended since 1 October 2019), and is incorporated in Australia. The registered office of Cougar Metals NL is Ground Floor, 16 Ord Street, West Perth in Western Australia.

Cougar Metals NL and its subsidiaries (collectively referred to as the “Cougar Metals Group” or the “Group”) operate in Western Australia and throughout the geographical regions of Brazil and Canada. The consolidated annual report of the Company and its controlled entities for the year ended 30 June 2020, was authorised for issue with the consent of the Deed Administrators on 30 September 2021.

The consolidated annual report has been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The consolidated annual report provides comparative information in respect of the previous period. Certain comparative information has been reclassified to be presented on a consistent basis with the current year’s presentation.

(b) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards (‘IFRS’).

(c) Going Concern

The financial report has been prepared on a non-going concern basis, as a result of the circumstances detailed below.

The Group has incurred a loss for the year of $598,868 (2019 loss: $2,083,159) and net cash outflow from operating activities of $246,303 (2019 outflow: $888,175). The loss during the year is due largely to the Group having no income to offset its operational costs in maintaining the company and its asset base.

As at 30 June 2020, the Group had a deficiency in net assets of $8,807,707 (2019: deficiency $8,207,975). As disclosed in Note 12, the net liabilities of the disposal group relating to operations that were discontinued in a prior year, as at 30 June 2020 were $3,863,138 (2019: $5,111,755) as such the net liability position of the Group excluding the proposed disposal of the drilling operations was $4,927,322 (2019: $3,096,220) at balance date.

Under the non-going concern basis, assets have been recorded at their net realisable values and liabilities are recorded at the contractual settlement amounts. In addition, all assets and liabilities have been classified as current since it is expected that the assets will be converted into cash and liabilities will be settled within twelve months after the date of signing this financial report.

1 Statement of Significant Accounting Policies (continued)

(c) Going Concern (Continued)

In June 2020, the Group had made the decision to cease all operations. As a result, Daniel Bredenkamp and Bryan Hughes from Pitcher Partners were appointed the Joint and Several Administrators of the Company on 30 June 2020 (**Administrators**) following a resolution passed by the Directors of the Company pursuant to section 436A of the *Corporations Act 2001* (**Act**).

The appointment of an administrator serves to allow for an independent insolvency practitioner to take control of and investigate the affairs of a company. During the administration, creditors' claims are put on hold. At the end of the administration period, the administrator is required to provide creditors with information and recommend to assist creditors to decide upon the company's future.

The Administrators commenced preliminary investigations into the Company and conduct of the Board and any potential claims against the Board. It was determined that additional time was required to appropriately investigate these claims and that the primary focus of these investigations will be on possible breaches of directors' duties and possible recovery actions that may be available to a liquidator should the Company be placed in liquidation.

The Administrators issued a report on 23 July 2020 which provided creditors with:

- background information relating to the Company;
- findings of the Administrators investigations into the Company; and
- a recommendation on the options available to creditors for the future of the Company.

At the meeting of creditors held on Friday, 31 July 2020, creditors were asked to make a decision by passing a resolution in respect of options available to them. The Administrators recommended to creditors that the Company execute a Holding Deed of Company Arrangement (**Holding DOCA**) as it provides the Deed Administrators with additional time to:

- conduct further investigations into the Company's business property and affairs to form an opinion on the likely outcome to creditors in the event the Company is wound up in liquidation;
- progress the Company's legal matters and/or process the sale of the Group's assets; and
- explore the possibility of a restructure and recapitalisation of the Company which may provide a more beneficial outcome for stakeholders than from the immediate winding up of the Company.

The varied Holding DOCA preserves the option of entering into a subsequent DOCA (if appropriate) and thus achieves the objective of the voluntary administration process by:

- maximising the chances of the Company, or as much as possible of its business, continuing in existence; and
- if its not possible for the Company or its business to continue in existence, it results in a better return for the Company's creditors and members than would result from an immediate winding up of the Company.

Further to this, it does not exclude the possibility of winding up the Company in the future.

At the meeting, creditors resolved that the Company execute the Holding DOCA which was required to be executed within 15 business days from the date of the second meeting of creditors (i.e. 21 August 2020). The Holding DOCA was subsequently executed on 20 August 2020 and the Administrators were appointed Deed Administrators that same day (**Deed Administrators**).

Pursuant to the terms of the Holding DOCA, the Deed Administrators were required to prepare and provide a report to creditors on or before 20 November 2020 with information and a recommendation to assist creditors to decide upon the Company's future. Subsequently, on 26 November 2020 a third meeting of creditors was held.

1 Statement of Significant Accounting Policies (continued)

(c) Going Concern (Continued)

At this meeting, creditors resolved to vary the Holding DOCA to extend its sunset date by three months from 20 November 2020 to 20 February 2021. The varied Holding DOCA was subsequently executed on 27 November 2020.

The purpose of the variation to the Holding DOCA was to provide additional time for the Deed Administrators to:

- further explore the sale of the Company's assets and/or the recapitalisation and restructure of the Company; and
- complete investigations into the Company's business, property and affairs.

Following this, the Deed Administrators progressed the realisation program and their investigations into the Company's business, property and affairs.

The Deed Administrators received two DOCA proposals, however due to legal issues arising from transferring the Company's rights to the Nickel and Cobalt Laterite rights under the option agreement entered into with Greater Australia Gold Pty Ltd (now Pyke Hill Resources Pty Ltd) and the Company on 30 April 2004 (**Option Agreement**) the Deed Administrators were unable to recommend a DOCA proposal to creditors by the sunset date of 20 February 2021. As a result, the Deed Administrators prepared and issued a further report to creditors on 19 February 2021 recommending a variation to the Holding DOCA to extend the sunset date a further three months from 20 February 2021 to 20 May 2021.

Subsequently, at the fourth meeting of creditors held on 2 March 2021, creditors resolved to vary the Holding DOCA to extend its sunset date to 20 May 2021 and the varied Holding DOCA was executed that same day.

The purpose of the variation to the Holding DOCA was to provide additional time for the Deed Administrators to:

- further explore the sale of the Company's assets and/or the recapitalisation and restructure of the Company; and
- seek legal advice regarding the Company's options in relation to the Rights under the Option Agreement.

On 26 October 2020, the Company filed a plaint in the Warden's Court seeking a declaration that the Company holds all rights under the Option Agreement in relation to the Pyke Hill tenements (**Plaint**). The first hearing was scheduled to be held at the Leonora Warden's Court on 9 February 2021. The Deed Administrators' solicitors sought and obtained orders to have the proceedings transferred to the Perth Warden's Court, where a hearing was scheduled for 16 April 2021. At the hearing on 16 April 2021, the following orders were made:

1. The Plaintiff file and serve its affidavit evidence in support of Plaint No.589035 by 7 May 2021
2. The First and Second Respondent file and serve their affidavit evidence in opposition by 11 June 2021.
3. The Plaintiff file and serve any evidence in reply by 18 June 2021.
4. The Plaintiff file and serve written submissions by 13 July 2021.
5. The Respondent file and serve written submissions by 20 July 2021.
6. Plaint No. 589036 be listed for a substantive hearing on 27 July 2021.
7. There be no order as to costs.

In light of the above, it was anticipated that a determination in respect of the Company's rights under the Option Agreement would be received in August or September 2021.

1 Statement of Significant Accounting Policies (continued)

(c) Going Concern (Continued)

The Deed Administrators received expressions of interest from parties for the acquisition of the rights under the Option Agreement noting, that the parties advised that they would not be in a position to submit an offer until an outcome had been determined in respect of the Plaint. Correspondence was also received from an interested party who previously submitted and subsequently withdrew their DOCA proposal due to the unknown outcome of the Plaint confirming that they may submit a revised DOCA proposal prior to the hearing in respect of the Plaint.

As a result, the Deed Administrators prepared and issued a report to creditors on 20 May 2021 recommending a variation to the Holding DOCA to extend the sunset date by a further four months from 20 May 2021 to 20 September 2021. Subsequently, at the fifth meeting of creditors held on 28 May 2021, creditors resolved to vary the Holding DOCA to extend its sunset date to 20 September 2021 and the varied Holding DOCA was executed that same day.

The purpose of the variation to the Holding DOCA was to provide additional time for the Deed Administrators to:

- obtain a judgement in the Warden's Court to determine the Company's rights under the Option Agreement; and
- facilitate the sale of the Company's assets and/or recapitalisation and restructure of the Company.

The Deed Administrators were required to prepare and issue a report to creditors on or before 20 September 2021 with a subsequent meeting to be held on or before 28 September 2021. Following receipt of a favourable DOCA proposal from an interested party, the Deed Administrators prepared and issued a report to creditors on 19 July 2021 which provided creditors with an update on the status of the administration and detailed the requisite variations to the Holding DOCA required to facilitate and give effect to the Recapitalisation Proposal. Subsequently, at the sixth meeting of creditors held on 28 July 2021, creditors resolved that the Company execute the varied Holding DOCA to facilitate the recapitalisation and restructure of the Company (**Recapitalisation DOCA**). The Deed Administrators are currently working with the DOCA proponent to complete the remaining conditions precedent to the Recapitalisation DOCA.

(d) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all of the entities that comprise the Group, Cougar Metals NL. The financial statements of subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated annual report includes the results for the part of the reporting period during which the Company has control.

(e) Foreign Currency Transactions and Balances

The functional and presentation currency of the Group is Australian Dollars.

1 Statement of Significant Accounting Policies (continued)

(e) Foreign Currency Transactions and Balances (continued)

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian Dollars, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rate prevailing on the date the fair values were determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's foreign operations (including comparatives) are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and deposits repayable on demand with a financial institution. Cash balances and overdrafts in the balance sheet are stated at gross amounts with current assets and current liabilities, unless there is legal right of offset at the bank. The cash and cash equivalents balance primarily consists of cash, on call in bank deposits, bank term deposit with three month maturity and money market investments readily convertible into cash within 2 working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount.

(g) Plant and Equipment

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes acquisition, being the fair value of the consideration provided, plus incidental costs directly attributable to the acquisition.

Subsequent costs directly related to an item are recognised in the carrying amount of that item of plant and equipment only when it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are recognised in the income statement as an expense.

Depreciation is recognised in the income statement on a straight-line or diminishing value basis over the estimated useful life of each part of an item of plant and equipment. Those items of plant and equipment under construction are not depreciated.

1 Statement of Significant Accounting Policies (continued)

(g) Plant and Equipment (continued)

The following useful lives are used in the calculation of depreciation for each class of plant and equipment:

Leasehold Improvements	5 years
Furniture and Fittings	5 – 10 years
Plant and Equipment	7 – 10 years
Drilling Rigs	7 – 10 years
Motor Vehicles	3 – 5 years
Other Drilling Equipment	5 – 10 years
Office Equipment	5 – 10 years

(h) Exploration and Evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

i) The rights to tenure of the area of interest are current; and
ii) At least one of the following conditions is also met:
   (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
   (b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(i) Loans and Borrowings

Loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost utilising the effective interest rate method. Difference occurring between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. All borrowing costs are recognised as an expense in the period in which they are incurred.

1 Statement of Significant Accounting Policies (continued)

(j) Convertible Notes

Convertible notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to equity. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits.

No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

(k) Financial Instruments

Recognition, Initial Measurement and Derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Subsequent Measurement of Financial Assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable)

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Equity instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments at fair value through other comprehensive income (FVOCI)

1 Statement of Significant Accounting Policies (continued)

(k) Financial Instruments (Continued)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

There are no FVPL and FVOCI instruments for the group.

Loans and Receivables

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Impairment of Financial Assets

AASB 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.
In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

1 Statement of Significant Accounting Policies (continued)

(k) Financial Instruments (Continued)

Financial Liabilities
Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The Group's financial liabilities include trade and other payables.

(l) Impairment of Non-Financial Assets

At each reporting date the Company conducts an internal review of asset values of its non-financial assets to determine whether there is any evidence that the assets are impaired. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are independent cash inflows (cash generating units).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

(m) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

1 Statement of Significant Accounting Policies (continued)

(n) Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as an expense; and
- Other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares.

This is divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(o) Revenue Recognition

Revenue from the sale of goods and rendering of services is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and sales taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs or services and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfers of risks and rewards vary depending on the individual terms of the contract of sale and with local statute but are generally when title and insurance risk has passed to the customer and the goods have been delivered to a contractually agreed location. Interest revenue is recognised as it accrues using the effective interest rate method.

(p) Current and Deferred Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Temporary differences are differences between the Group's tax base of an asset or liability and its carrying amount in the statement of financial position.

1 Statement of Significant Accounting Policies (continued)

(p) Current and Deferred Taxation (continued)

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.
Deferred tax assets are recognised for deductible timing differences and unused tax losses only if it is probable that future taxable amounts will be sufficient to utilise those deductible timing differences and unused tax losses.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences or unused tax losses and tax credits can be deducted. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(q) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets that relate to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively*;*
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with *AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

1 Statement of Significant Accounting Policies (continued)

(q) Business Combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

(r) Discontinued Operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate line of geographical area of operations or business, and is part of a single coordinated plan to dispose of such a line of business or to resale. The results of discontinued operations are presented separately on the face of the consolidated statement of profit and loss and other comprehensive income.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(t) Share Based Payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (‘market conditions’). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’).

1 Statement of Significant Accounting Policies (continued)

(t) Share Based Payments (Continued)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects: (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(u) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, and other key sources of estimation uncertainty, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Share based payments

The Group measures the cost of equity-settled transactions with management personnel and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model, with the assumptions detailed in the relevant notes. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Exploration expenditure

The group's accounting policy for exploration and evaluation assets is set out in Note 1 (h).

1 Statement of Significant Accounting Policies (continued)

(v) New or Amended Accounting Standards or Interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

(w) New Accounting Standards and Interpretations Not Yet Mandatory

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(x) Operating Segments

Operating segments are presented using the 'management approach, where the information presented is on the same basis as the internal reports provided to the Board of Directors. They are responsible for the allocation of resources to operating segments and assessing their performance.

	Consolidated 2020 $	Consolidated 2019 $
2 Revenue		
Interest revenue	**391**	**547**
Other income		
Gain on liabilities extinguished	-	37,100
Sale of assets	-	57,136
Other income	-	262,498
	-	**356,734**

3 Expenses

Loss before tax is arrived after charging the following expenses:

	Consolidated 2020 $	Consolidated 2019 $
(a) Finance costs		
Interest expense	56	1,765
Interest on convertible note	243,533	264,339
Bank charges	1,370	3,628
	244,959	**269,732**
(b) Corporate expenditure		
Director fees	305,900	302,400
Consultancy fees	40,808	103,555
Other	35,064	50,109
Share registry fees	5,409	8,833
Wages and salaries	-	-
	387,181	**464,897**

	Consolidated 2020 $	Consolidated 2019 $

4 Income tax benefit

Major components of income tax expense for the years ended 30 June 2020 and 30 June 2019 are:

	Consolidated 2020 $	Consolidated 2019 $
Continuing operations:		
Current income tax charge	-	-
Deferred income tax	-	-
Income tax benefit reported in the income statement	-	-

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate is as follows:

	Consolidated 2020 $	Consolidated 2019 $
Accounting loss before tax – continuing operations	(859,085)	(1,732,705)
Accounting gain before tax – discontinued operations	260,217	(350,454)
Accounting loss before tax for the year	(598,868)	(2,083,159)
Income tax benefit calculated based on rate of 27.5% (2019: 27.5%)	(164,689)	(572,869)
Add: Non-deductible expenditure	160,323	374,616
Less: Non-assessable income	(306,412)	(72,187)
Less: Other deductible expenditure	-	(44,160)
(Less) / Add: Temporary differences	(53,947)	67,683
Add: Tax loss not brought to account as a deferred tax asset	364,725	246,917
Income tax benefit recognised in profit or loss	-	-

At reporting date, the Group has unused Australian tax losses of $14,825,671 (2019: $13,548,505) that are available for offset against future taxable profits. The ability to offset unused tax losses in the event that taxable profits are generated in the future will be dependent upon the taxation rules prevailing at that time and the Group satisfying the conditions for offset.

5 Related party transactions

(a) Directors and key management personnel

The following persons were Directors and key management personnel of Cougar Metals NL during the financial year:

Randal Swick	Executive Chairman *(appointed 27 November 2014)*
David Symons	Non-Executive Director *(appointed 31 August 2016)*
Brian Thomas	Non-Executive Director (*resigned 31 July 2019)*
Scott Reid	Non-Executive Director (*appointed 1 August 2019)*

5 Related party transactions (Continued)

(b) Key Management Compensation

The aggregate compensation made to key management personnel of the group is set out below. Refer to Remuneration Report attached in the Director's Report for more details.

	2020 $	2019 $
Short term employee benefits	306,900	342,400
Post-employment benefits	-	-
	306,900	**342,400**

(c) Other Transactions with the Company

A number of directors of the Company, or their director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The terms and conditions of the transactions with directors and their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts paid or payable during the year relating to directors and their director-related entities were:

Related entities	**Transaction**	**2020** **$**	**2019** $
Swick Nominees Pty Ltd / Corporate Management Services LLC – Randal Swick	Consulting fees (Marcia Swick)	30,000	30,309
Metallurgical Pty Ltd – David Symons	Metallurgical services	-	20,737
Independent Metallurgical Operations – David Symons	Metallurgical services	-	720

(d) Payable to Related Parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2020 **$**	**2019** **$**
Trade and other payables		
Corporate Management Services LLC – Randal Swick	1,062,333	1,087,333
Swick Nominees – Randal Swick	436,800	218,400
Randal Swick - reimbursement	17,391	
Marcia Swick – Randal Swick	60,000	37,500
Independent Metallurgical Operations – David Symons	133,720	27,742
B D Thomas and Associates – Brian Thomas	34,500	15,250
Scott A Reid	40,000	14,772
Loan from Related Parties		
Marcia Swick*	1,429,223	1,380,058

* $45,942 relates to discontinued operations (2019: $923,456). Refer to Note 15 for more details on loan.

	Consolidated 2020 $	Consolidated 2019 $
6 Auditor's remuneration		
Auditing or reviewing the annual report	44,966	46,934
	44,966	**46,934**

7 Loss per share

Loss from continuing operations - used in the calculation of loss per share	(859,085)	(1,732,705)
Net loss for year – used in the calculation of loss per share	(598,868)	(2,083,159)
	No.	**No.**
Weighted average number of shares used in calculating loss per share	1,176,583,284	1,005,461,074
	Cents	**Cents**
Diluted and undiluted loss per share from continuing operations	(0.07)	(0.17)
Diluted and undiluted loss per share from continuing and discontinued operations	(0.05)	(0.21)

	Consolidated 2020 $	Consolidated 2019 $
8 Cash and cash equivalents		
Cash at bank and in hand	5,623	186,260
Short-term bank deposits	-	-
	5,623	**186,260**

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

Loss for the year	(598,868)	(2,083,159)
Non-cash flows in loss		
Exploration expenses	498,212	-
Foreign Exchange (gain) / loss	(851,726)	247,080
Impairment expense	-	392,261
Share based payments	-	(7,588)
Gain on liabilities extinguished	-	(37,100)
Profit on disposal of assets	-	(387,070)
Doubtful Debt expense	-	13,753
Changes in assets and liabilities		
(Increase) / Decrease in trade and other receivables	(51,432)	755
Decrease in other assets	6,131	70,776
Increase in trade payables and accruals	423,299	947,298
(Decrease) / Increase in provisions	328,081	(45,181)
Net cash (used in) operating activities	**(246,303)**	**(888,175)**

8 Cash and cash equivalents (Continued)

(b) Cash and cash equivalents as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

	Consolidated 2020 $	Consolidated 2019 $
Cash and cash equivalents as per the consolidated statement of financial position	5,623	186,260
Cash and cash equivalents attributable to discontinued operations	1,216	1,381
	6,839	**187,641**

(c) Changes in liabilities arising from financing activities

2020	**1 July**	**Cash Flows**	**Transaction Costs / Conversion**	**Amortisation of Transaction Costs / Interest Accrued**	**30 June**
Related party loan	1,380,058	49,165 *	-		1,429,223
Short-term loan	-	3,008	-	-	3,008
Convertible note	664,881	-	-	243,533	908,414
Total	2,044,939	52,173	-	243,533	2,340,645
2019					
Related party loan	1,191,006	189,052	-	-	1,380,058
Convertible note	81,792	550,000	(231,250)	264,339	664,881
Total	1,272,798	739,052	(231,250)	264,339	2,044,939

* Including movement due to foreign exchange revaluation

9 Trade and other receivables

	Consolidated 2020 $	Consolidated 2019 $
Consideration receivable (d)	1,706,520	1,706,520
Other receivables	55,782	90,619
Provision for impairment	(1,706,520)	(1,792,789)
	55,782	**4,350**

a) Trade debtors are non-interest bearing and generally on 30-day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

b) Due to the short-term nature of these receivables their carrying value is assumed to approximate their fair value.

c) Effective interest rates risk and credit risk – information concerning the effective interest rate and credit risk of both current and non-current receivables is detailed in Note 22.

d) The Group disposed of its interests in the Alta Floresta Project in Brazil during the 2014 financial year. Under the terms of the sale agreement, the proceeds were to be received over a 2-year period. The acquirer failed to meet the agreed payment schedule and as a consequence the Group has commenced legal action to recover. Due to the uncertainty of recovery, a provision for impairment of $1,706,520, being the full amount of the receivable was previously recognised.

	Consolidated 2020 $	Consolidated 2019 $
10 Other assets		
Prepayments	-	6,131

	Consolidated 2020 $	Consolidated 2019 $
11 Plant and equipment		
Furniture and equipment		
At cost	9,837	9,837
Accumulated depreciation and impairment	(9,837)	(9,837)
	-	-
Opening written down value	-	-
Additions	-	-
Depreciation	-	-
Closing written down value	-	-

12 Discontinued operations and assets and liabilities held for sale

(a) Assets and liabilities held for sale

Since 2017, the Company has been winding back drilling operations in Brazil and Uruguay; and liquidating its position in order to focus on its graphite and lithium exploration assets. The Group's drilling operations comprise of the following companies:

i) Cougar Brasilia Pty Ltd
ii) Geologica Sondagens Ltda
iii) Palinir S.A.

As at 30 June 2020, the Company was still in the process of negotiating for the sale of the above operations. The carrying amounts of assets and liabilities of the above operations as at 30 June 2020 are as follows:

	Consolidated 2020 $	Consolidated 2019 $
Assets classified as held for sale		
Cash and cash equivalents	1,216	1,381
Trade and other receivables	-	-
Plant and equipment	-	-
	1,216	**1,381**
Liabilities directly associated with Assets classified as held for sale		
Trade and other payables	(1,327,802)	(1,716,898)
Provisions	(2,487,602)	(2,472,782)
Loans and borrowings	(48,950)	(923,456)
	(3,864,354)	**(5,113,136)**
Net liabilities	**(3,863,138)**	**(5,111,755)**

12 Discontinued operations and assets and liabilities held for sale (Continued)

(b) Financial performance from discontinued operations

The financial performance of the discontinued operations are as follows:

	Consolidated 2020 $	Consolidated 2019 $
Revenue	-	-
Profit on sale of assets (i)	-	329,934
Other income – foreign exchange gain	851,655	-
Total revenue	851,655	329,934
Expenses	(591,438)	(680,388)
Gain from discontinued operations before tax	260,217	(350,454)
Income tax benefit	-	-
Gain from discontinued operations	**260,217**	**(350,454)**

(i) During the financial year ended 30 June 2019, the Group sold various Brazilian drilling assets and motor vehicles. The gain on sale amounting to $329,934 was recognised by the Group and is included in the loss from discontinued operations.

(c) Cash flows from discontinued operations

The cash flows from discontinued operation comprise of the following:

Net cash inflows/(outflows) from operating activities	(46,360)	(335,383)
Net cash inflows from investing activities	-	329,934
Net cash inflows from financing activities (i)	46,196	5,169
Effects of exchange rate changes	-	4,936
Net cash inflow	**(164)**	**4,656**

(i) Movement largely relates to reclassification of intercompany debt to related party loan

13 Deferred exploration expenditure

Expenditure brought forward	-	231,678
Expenditure incurred during year	-	160,583
Expenditure impaired during year (i)	-	(392,261)
Expenditure carried forward	**-**	**-**

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the mining areas.

(i) The Directors have considered the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* and of AASB 136 *Impairment of Assets*, and have reviewed the carrying value of exploration and evaluation expenditures. During the current financial year, the Company reduced its interest in the Ceara Lithium Project to 25% and subsequent to year end, relinquished all interest in the project. During the year ended 30 June 2019, the Company withdrew from the Plateado Cobalt Project and impaired all capitalised expenditure made in relation to that project. During the year ended 30 June 2018, the Company impaired all capitalised expenditure made in relation to the Toamasina Saprolitic Graphite Project and Shoal Lake East Gold Project. In view of the above, for the current financial year, any exploration expenditure incurred is being expensed directly in the consolidated statement of profit or loss and other comprehensive income.

	Consolidated 2020 $	Consolidated 2019 $
14 Trade and other payables		
Current		
Trade payables	2,515,899	1,805,078
Accruals	198,380	366,400
	2,714,279	**2,171,478**

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

15 Loans and borrowings

Current		
Loan from related party – unsecured	1,383,281	456,602
Convertible Note Face Value	960,000	960,000
Conversion of Convertible Note (Note 16)	(100,000)	(100,000)
Convertible Note Transaction Costs *	-	(195,119)
Interest on due and payable amount following Default Notice	48,414	-
	2,291,695	**1,121,483**

Terms and conditions relating to the loan from related party:

- The loan from related party is unsecured and relates to advances by Marcia Swick (spouse of Executive Chairman Randal Swick). Advances are non-interest bearing.
- The total loan amounts to $1,429,223 (2019: $1,380,058), with $45,942 (2019: $923,456) relating to advances made to discontinued operations.
- Details of the fair value of interest-bearing liabilities and the Group's exposure to interest rate changes on interest bearing liabilities are set out in Note 22.

Terms and conditions relating to the Convertible Note:

- 2 Tranches of convertible notes to be issued to The Lind Partners, LLC (Lind - managers of the Australian Special Opportunity Fund PL - ASOF) at a face value of $360,000 ($300,000 cash) and $600,000 ($550,000 cash) respectively. Each convertible note is convertible into shares based on its face value. All convertible notes will not be convertible for 90 days following the date of execution.
- During the lock-up period, the Company will have the right to buy back the Convertible Security for the face value or anytime thereafter at a 5% premium to the face value. After the lock-up period, Lind will have the option to convert the convertible notes and the conversion price that will be applicable to each conversion will be 90% of the average of three consecutive daily VWAPs, chosen by Lind, during the specified period prior to the conversion election, up to a maximum conversion amount of $100,000 in any calendar month. However, Lind can also elect to convert at any time up to 50% of the face value of the Convertible Notes at a premium conversion price of 130% of the average of each of the 20 daily VWAPs immediately prior to the execution date of the funding agreement.
- Maximum number of shares that may be issued to Lind in relation to conversions of convertible notes is 192,000,000 shares.
- Term is 24 months from execution of the funding agreement.
- On 25 July 2019, the Company received a conversion request from Lind to convert a $50,000 convertible note to 55,555,555 shares in the Company pursuant to the funding agreement

15 Loans and borrowings (continued)

- On 20 August 2019, the Company announced that it had not complied with the conversion notice from Lind. Lind then issued a Default Notice claiming that the ASOF debt of $860,000 plus interest was payable.

* Prior to August 2019, transaction costs were being amortised to profit or loss over the term of the convertible note. Following the issue of the Default Notice by Lind in August 2019, amortisation of transaction costs was accelerated up to the face value of the Notes, and $195,119 of these costs have been expensed in the current financial year.

	Consolidated 2020 $	Consolidated 2019 $
16 Issued capital		
Ordinary fully paid ordinary shares	28,908,797	28,908,797
Contributing shares partly paid to $0.01	3,426	3,426
	28,912,223	**28,912,223**

	2020 $	**2020 No.**	2019 $	2019 No.
Ordinary shares				
Balance at beginning of year	28,912,223	1,176,583,284	28,580,190	932,802,691
Issue of shares	-	-	101,139	50,569,481
Shares issued to extinguish liabilities	-	-	37,100	37,100,000
Share based payments	-	-	-	-
Convertible note transaction costs	-	-	130,000	45,000,000
Conversion of convertible note	-	-	100,000	111,111,112
Share issue costs	-	-	(36,206)	-
Balance at end of year	**28,912,223**	**1,176,583,284**	**28,912,223**	**1,176,583,284**

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

No shares were issued in the current financial year.

	Consolidated 2020 $	Consolidated 2019 $
17 Reserves		
Options reserve	188,412	188,412
Foreign currency reserve	(692,829)	(691,965)
	(504,417)	**(503,553)**

	2020 $	**2020 No.**	2019 $	2019 No.
Options reserve				
Balance at beginning of year	**188,412**	**83,834,752**	331,520	70,000,000
Share based payments*	-	-	(7,588)	18,550,000
Entitlement issue	-	-	-	25,284,752
Convertible note transaction costs	-	-	-	-
Expiry of options	-	-	(135,520)	(30,000,000)
Balance at end of year	**188,412**	**83,834,752**	**188,412**	**83,834,752**

No options were granted or exercised and no options expired during the current financial year.

* The Black-Scholes option pricing model was used to value the options and the following table lists the inputs to the model used for the valuation of the options:

Grant Date	Expiry Date	Exercise Price	Share Price at Grant Date	Expected Volatility	Risk-free Interest Rate	Fair Value per Option
11 Mar 2019	31 Mar 2022	$0.01	$0.001	223%	1.60%	$0.0007

Grant Date	Expiry Date	Exercise Price	Balance at Start of Year	Granted	Exercised	Expired	Balance at End of Year
7 Jun 2018	7 Jun 2021	$0.01	40,000,000	-	-	-	40,000,000
11 Mar 2019	31 Mar 2022	$0.01	43,834,752	-	-	-	43,834,752
			83,834,752	**-**	**-**	**-**	**83,834,752**

18 Contingent assets and contingent liabilities

The Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2020, with the exception of the following.

18 Contingent assets and contingent liabilities (Continued)

Shoal Lake East Gold Project

In January 2019, a final arbitration award in Cougar's favour and against Kenora Prospectors and Miner's (KPM) of CAD $2.154 million including damages, costs and interest was delivered. KPM holds no cash to settle the award. During the year progress to recover monies owed was complicated and halted by the forfeiture of KPM's most valuable tenements to the Crown of Canada. As at 30 June 2020, the matter remains incomplete pending the resolution of a dispute with the Canadian mines department regarding the forfeited tenements. No asset or liability has been recognised in relation to this matter at this time.

Ceara Lithium Project

Cougar holds a 25% contributing interest in the Ceara Lithium Project located in Ceara state, in north-eastern Brazil. The project comprises 30 applications covering approximately 51,000 hectares across two separate areas lying in excess of 150 kilometres apart, being: (i) an area covering the historical lithium mining centre at Solonopole, and (ii) an area encompassing a pegmatite swarm at Cristais. During the course of the current financial year, Cougar and MMH (the majority owner of Ceara Lithium) failed to find any interested parties to invest in the project. No asset or liability has been recognised in relation to this matter at this time

19 Segment reporting

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

Drilling operations consisted of providing rigs, equipment, consumables and services for drilling holes for the purpose of extraction and presentation of rock and soil samples on a contract basis for mining and exploration companies in Brazil and Uruguay. These businesses ceased operations in the current financial year however retained assets were sold subsequent to the balance date.

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

During the year ended 30 June 2020 the Group operated in the following Geographic Segments: Australia, Brazil and Canada (2019: Australia, Brazil, Uruguay, Canada and Madagascar).

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 Group's financial statements.

19 Segment reporting (Continued)

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

The details of the financial information for each segment are as follows:

	Continuing Operations		Discontinued Operations		
	Australian Administration Exploration & Evaluation	Canada Exploration & Evaluation	Brazil Drilling Operations	Uruguay Drilling Operations	Total Operations
	$	$	$	$	$
30 June 2020					
Revenue					
Finance revenue	391	-	-	-	391
Profit on Sale of Assets	-	-	-	-	-
Other income – foreign exchange gain	-	-	538,394	313,261	851,655
Segment revenue	**391**	**-**	**538,394**	**313,261**	**852,046**
Segment profit / (loss) before tax	**(859,603)**	**518**	**467,848**	**(207,631)**	**(598,868)**
Assets and liabilities					
Segment assets	47,324	14,083	1,214	-	62,621
Segment liabilities	(4,974,646)	(31,328)	(1,593,863)	(2,270,491)	(8,870,328)
Segment net liabilities	**(4,927,322)**	**(17,245)**	**(1,592,649)**	**(2,270,491)**	**(8,807,707)**
Movements in assets					
Impairment	-	-	-	-	-

19 Segment reporting (Continued)

	Continuing Operations		Discontinued Operations		
	Australian Administration Exploration & Evaluation	Canada Exploration & Evaluation	Brazil Drilling Operations	Uruguay Drilling Operations	Total Operations
	$	$	$	$	$
30 June 2019					
Revenue					
Finance revenue	547	-	-	-	547
Profit on Sale of Assets	57,136	-	329,934	-	387,070
Other	299,598	-	-	-	299,598
Segment revenue	**357,281**	**-**	**329,934**	**-**	**687,215**
Segment loss before tax	**(1,713,603)**	**(19,100)**	**(93,419)**	**(257,037)**	**(2,083,159)**
Assets and liabilities					
Segment assets	196,249	492	1,381	-	198,122
Segment liabilities	(3,260,954)	(32,007)	(3,050,276)	(2,062,860)	(8,406,097)
Segment net liabilities	**(3,064,705)**	**(31,515)**	**(3,048,895)**	**(2,062,860)**	**(8,207,975)**
Movements in assets					
Impairment	392,261	-	-	-	392,261

20 Events after balance sheet date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years except as stated below.

- The Company sold three drilling rigs receiving a total of $283,800 subsequent to balance date.
- On 3 August 2020, the second meeting of creditors was held. At the meeting creditors resolved that the Company execute a Holding Deed of Company Arrangement (Holding DOCA).
- On 24 August 2020, the Company announced that following a resolution passed by creditors at the second meeting of creditors, the Company executed a Holding DOCA on 20 August 2020 and Bryan Hughes and Daniel Bredenkamp were appointed Joint and Several Deed Administrators of the Company on the same day.
- On 8 September 2020, ASOF withdrew their application to wind up the Company.
- On 26 October 2020, the Company filed a plaint with the Warden's Court seeking a declaration that the Company holds all Nickel and Cobalt Laterite rights (**Rights**) of M39/159 (Pyke Hill tenements) pursuant to the terms of the Option Agreement executed with Greater Australia Gold Pty Ltd (now Pyke Hill Resources Pty Ltd) and the Company on 30 April 2004 (**Option Agreement**) (**Plaint**).
- On 13 November 2020, Pyke Hill Resources Pty Ltd issued a Notice of Termination in regard to the Option Agreement claiming the Company has not kept the Pyke Hill tenements in good standing. The Company subsequently responded denying that the Option Agreement had been lawfully terminated, noting that the termination was invalid and of no force and effect because no right of termination arose under the terms of the Option Agreement or otherwise at common law. The first hearing for the Plaint is scheduled to be held in April 2021.
- On 1 December 2020, the Company announced that following a resolution passed by creditors at the third meeting of creditors, the Company varied the Holding DOCA to extend its sunset date by 3 months to 20 February 2021.

20 Events after balance sheet date (continued)

- On 4 March 2021, the Company announced that following a resolution passed at the fourth meeting of creditors, the Company varied the Holding DOCA to extend its sunset date by three months from 20 February 2021 to 20 May 2021.
- On 6 August 2021, the Company announced that following a resolution passed at the sixth meeting of creditors, the Company executed a Recapitalisation Deed of Company Arrangement (Recapitalisation DOCA) to facilitate the recapitalisation and restructure of the Company.
- On 16th August 2021the Company sold all rights to the remaining assets other than the Pyke Hill Nickel rights realising $60,000.
- On 9 September 2021, a decision from the Perth Warden Court, relating to the dispute with Richore and the purported termination of the Pyke hill agreement by Pyke Hill Resources, was delivered entirely in the Company's favour. The Warden deemed Cougar's option agreement was still in force and applicable to 100% of the nickel and cobalt rights over tenement M39/159 (Pyke Hill).

21 Capital and leasing commitments

Operating lease commitments
The Group has no lessee operating lease commitments as at 30 June 2020 (2019: $nil).

Exploration expenditure obligations
The Group has minimum expenditure obligations relating to its tenements of $53,800 (2019: $53,800).

22 Financial instruments

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

Capital risk management
The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 15, cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves, other equity and retained earnings (accumulated losses) as disclosed in Note 16.

Market risk
The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group enters into funding agreements with a variety of financial institutions to manage its exposure to interest rate risk.

Foreign currency risk
As a result of the operating activities in Brazil and Canada and the ongoing funding of overseas operations from Australia, the Group's balance sheet can be affected by movements in the Brazilian Real (BRL), Canadian Dollar (CAD) and United States Dollar (USD) exchange rates. The Group seeks to mitigate the effect of its foreign currency exposure by timing its purchase and payment to coincide with highs in the BRL/AUD, CAD/AUD and USD/AUD exchange rate cycle.

22 Financial instruments (Continued)

100% of the Group's sales are denominated in currencies other than the functional currency of the operating entity making the sale, with the majority of costs also denominated in the unit's functional currency.

Presently, each operating entity' profits and surplus cash-flows are reinvested back into the operating entity to fund and facilitate ongoing growth, thus eliminating the need for measures to mitigate currency exposure

Interest rate risk management
The Group is not exposed to any significant interest rate risk as entities within the Group are not party to significant borrowing arrangements. The necessity to undertake hedging activities is evaluated regularly to align with interest rate views and defined risk appetite; currently the Management of the Company takes the view that hedging activity is unnecessary. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Accounting Department and Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables
The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been presented based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group may be required to pay. The table includes both interest and principal cash flows.

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

22 Financial instruments (Continued)

Consolidated	Weighted average effective interest rate	Floating interest rate	Fixed interest rate maturing < 1 year	1 – 5 years	> 5 years	Non-interest bearing	Total
2020	**%**	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets							
Cash and cash equivalents	0.01%	5,623	-	-	-	-	**5,623**
Trade and other receivables	-	-	-	-	-	55,782	**55,782**
Total financial assets		**5,623**	**-**	**-**	**-**	**55,782**	**61,405**
Financial liabilities							
Loan – related entity	-	-	-	-	-	1,383,281	**1,383,281**
Convertible note	6%	-	908,414	-	-	-	**908,414**
Trade and other payables	-	-	-	-	-	2,714,279	**2,714,279**
Total financial liabilities		**-**	**908,414**	**-**	**-**	**4,097,560**	**5,005,974**
2019							
Financial assets							
Cash and cash equivalents	0.18%	186,260	-	-	-	-	**186,260**
Trade and other receivables	-	-	-	-	-	10,481	**10,481**
Total financial assets		**186,260**	**-**	**-**	**-**	**10,481**	**196,741**
Financial liabilities							
Loan – related entity	-	-	-	-	-	456,602	**456,602**
Convertible note	-	-	-	-	-	664,881	**664,881**
Trade and other payables	-	-	-	-	-	2,171,478	**2,171,478**
Total financial liabilities		**-**	**-**	**-**	**-**	**3,292,961**	**3,292,961**

22 Financial instruments (Continued)

Sensitivity analysis

The sensitivity table below show the effect on profit and equity after tax if interest rates at the balance date had increased or decreased by 1% (100 basis points) with all other variables held constant, taking into account all underlying exposures. The 100-basis point deviation has been selected as this is considered reasonable given the current level of both short and long term Australian interest rates. A 100-basis point sensitivity would move interest rates payable from 6% to 7% in an interest rate appreciation environment.

The Group's exposure to market risk for change in interest rates relates primarily to their interest-bearing assets. The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date. At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post tax profit higher / (lower)		**Other Equity higher / (lower)**	
Judgements of reasonably possible movements	**2020**	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
+ 1% (100 basis points)	9,084	1,863	9,084	1,863
- 1% (100 basis points)	(9,084)	(1,863)	(9,084)	(1,863)

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances for the year.

Fair value of financial instruments

Directors consider that carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. There are no financial assets or liabilities which are required to be revalued on a recurring basis.

23 Parent entity disclosures

(a) Financial position

	Parent Entity 2020 $	Parent Entity 2019 $
ASSETS		
Current Assets		
Cash and cash equivalents	5,402	185,877
Trade and other receivables	41,922	4,243
Other assets	-	6,131
Total Current Assets	47,324	196,251
Non-Current Assets		
Plant and equipment	-	-
Exploration and evaluation expenditure	-	-
Total Non-Current Assets	-	-
Total Assets	47,324	196,251
LIABILITIES		
Current Liabilities		
Trade and other payables	2,682,951	2,139,470
Loans and borrowings	2,291,695	1,121,483
Total Current Liabilities	4,974,646	3,260,953
Total Liabilities	4,974,646	3,260,953
Net Liabilities	**(4,927,322)**	**(3,064,702)**
EQUITY		
Issued capital	28,912,223	28,912,223
Reserves	188,412	188,412
Accumulated losses	(34,027,957)	(32,165,337)
Total Equity	**(4,927,322)**	**(3,064,702)**

(b) Financial performance

	Parent Entity 2020 $	Parent Entity 2019 $
Net loss for the year	(1,862,624)	(1,713,603)
Other comprehensive income for the year:		
Exchange differences arising on translation of foreign operations	-	-
Total comprehensive result for the year	(1,862,624)	(1,713,603)

There are no guarantees entered into by Cougar Metals NL for the debts of its subsidiaries as at 30 June 2020 (2019: none).

The amounts applicable for Cougar Metals NL (the parent) and the Consolidated Group in relation to contingent assets and liabilities can be found in Note 18.

The amounts applicable for Cougar Metals NL (the parent) and the Consolidated Group in relation to commitments can be found in Note 21.

The Directors declare that:

a) as disclosed in note 1(c), the financial statements have been prepared on a non-going concern basis;

b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and the Group;

c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1(a); and

d) the Directors have been given the declarations required by s295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001.

Randal Swick
Executive Chairman

Dated this 30th day of September 2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COUGAR METALS NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cougar Metals NL ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter on Going Concern

Without qualifying our opinion, we draw attention to Note 1(c) in the financial report, which indicates that the financial statements have been prepared on a non-going concern basis, as a result of the Board's decision to cease all operations and appoint Joint and Several Administrators to the Company. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Convertible Notes As disclosed in Note 15 to the financial report, the Consolidated Entity issued a convertible note during the year with a face value of $960,000. As at 30 June 2020 the balance of the Convertible Notes liability was $908,414 which reflects the tranches received to date less relevant transaction costs which are required to be amortised over the term of the convertible notes and the conversion of $100,000 into shares in the Company. Convertible Notes are considered to be a key audit matter due to: • the value of the balance; and • the complexities involved in the recognition and measurement of convertible financial instruments and associated transaction costs.	Our procedures amongst others included: • analysing the agreement to identify the key terms and conditions for each convertible note; • verification of the funds received from the issue of convertible notes during the year; • assessing the accounting treatment of the financial instruments in accordance with the recognition and measurement as well as the disclosure requirements of the relevant Australian Accounting Standards; • evaluating management's option valuations and assessing the assumptions and inputs used; • assessing the calculation including relevant amortisation of finance costs for the year; and • assessing the adequacy of the disclosures in Note 15 to the financial report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Discontinued Operations and Assets Classified as Held for Sale As disclosed in Note 12, the Group is in process of negotiating for the sale of the drilling operations in Brazil and Uruguay as at 30 June 2020. Discontinued operations and assets classified as held for sale are a key audit matter due to: • The requirement of specific conditions to be met; and The significance of the balances and transactions to the Consolidated Entity's results for the period and consolidated financial position.	Our procedures amongst others included: • Evaluation of management's assumptions applied to determine the discontinued operation in accordance with the requirements of *AASB 5: Non-current Assets held for Sale and Discontinued Operations ("AASB 5")*; • Assessment of the reallocation of costs associated with discontinued operations; • Assessment of the identification of the related assets and liabilities classified as held for sale; and • Assessing the adequacy of the disclosures included in Note 12 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Partner

Dated this 30th day of September 2021

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

<u>Information as at 29 September 2021.</u>

Distribution of Shareholders

Category (Size of Holding)	Number of Holders	Fully Paid Ordinary Shares
1 to 1,000	85	10,779
1,001 to 5,000	10	23,715
5,001 to 10,000	15	134,312
10,001 to 100,000	310	18,616,583
100,001 and over	532	1,157,797,895
Total	952	1,176,583,284

Unmarketable Parcels
The number of shareholdings held in less than marketable parcels is 684 holders holding 81,291,662 shares.

Substantial shareholders:
The names of the substantial shareholders listed in the Company's register as at 29 September 2021.

Shareholder Name	Number of Shares	% of Issued Share Capital
Randal Swick and controlled entities: • MS MARCIA SWICK <MARCIA SWICK A/C> • SAVVY CAPITAL MANAGEMENT PTY LTD <SAVVY FAMILY A/C> • MARCIA SWICK	450,116,224	38.52%

Twenty largest shareholders – Quoted fully paid ordinary shares:

Position	Holder Name	Holding	% IC
1	MS MARCIA SWICK <MARCIA SWICK A/C>	195,000,000	16.57%
2	SAVVY CAPITAL MANAGEMENT PTY LTD <SAVVY FAMILY A/C>	175,466,224	14.91%
3	MARCIA SWICK	47,239,940	4.02%
4	MS MARCIA SWICK	32,410,060	2.75%
5	MR CRAIG RUEHLAND & MISS YING SUN <CRAIG RUEHLAND S/F A/C>	30,900,467	2.63%
6	MR RICHARD ELKINGTON & MRS CHRISTINE ELKINGTON <E S/F A/C>	29,533,746	2.51%
7	MR ANESTIS CARAOUTZADIS	23,100,000	1.96%
8	MR JACK LEWIS WOOLLEY	23,000,000	1.95%
9	ZN & C LAZOGAS PTY LTD <K & M LAZAGOS SUPER FUND A/C>	21,670,000	1.84%
10	MR MARK ELLIDGE & MRS JENNIFER ELLIDGE	15,000,000	1.27%
11	MRS ANN MARY FRY <M & A FRY FAMILY A/C>	14,376,623	1.22%
12	SUPER MSJ PTY LTD <MSJ SUPER FUND A/C>	13,796,772	1.17%
13	MR VASILIS CARAOUTZADIS	12,808,178	1.09%
14	MR ROBERT WILLIAM HANNA	11,989,338	1.02%
15	CHEMCO SUPERANNUATION FUND PTY LTD <CHEMCO SUPER FUND NO 2 A/C>	11,250,000	0.96%
16	ACVS CAPITAL INVESTMENTS PTY LTD <ACVS CAPITAL INVEST S/F A/C>	11,060,826	0.94%
17	MR DANIEL ELLIDGE	10,000,000	0.85%
17	MR MARK ANDREW TKOCZ	10,000,000	0.85%
18	MR VINCENZO BRIZZI & MRS RITA LUCIA BRIZZI <BRIZZI FAMILY S/F A/C>	9,500,000	0.81%
19	MR CHARLES CRUMLISH	9,000,000	0.76%
20	MR STEVEN GARRY O'REILLY	8,340,000	0.71%
	Totals	**715,442,174**	**60.81%**
	Total Issued Capital	**1,176,583,284**	**100.00%**

Unquoted Securities

The Company also has 43,834,752 unlisted options exercisable at $0.01 on or before 31/3/2022.

The following are parties that hold over 20%:

Holder Name	Holding	% IC
SAVVY CAPITAL MANAGEMENT PTY LTD <SAVVY FAMILY A/C>	18,550,000	42.32%

Buy-Back Plans

The Company does not have any current on-market buy-back plans.

Voting Rights

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a Member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each fully paid ordinary share held. None of the options have any voting rights.

There are no voting rights attached to any class of options or performance rights that are on issue.

Restricted Securities
There are no restricted securities currently on issue.

Corporate Governance
Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: www.cougarmetals.com.au

Mining Tenements

Project (Australia)	Tenement Reference	Interest held by Cougar at 21 September 2019
Pyke Hill Nickel (Australia)*	M39/159	Ni/Co rights - 100%

* Cougar holds 100% of the Nickel and Cobalt Laterite rights in relation to the tenement, with tenement ownership to be transferred to Cougar upon the commencement of mining activities.