Cobre Montana

ABN 29 126 129 413

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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CORPORATE DIRECTORY

DIRECTORS

Adrian Griffin (Managing Director)
Bryan Dixon (Non-executive Director)
Eduardo Valenzuela (Non-executive Chairman)

COMPANY SECRETARY

Amanda Wilton-Heald (appointed 10 November 2014)
Elizabeth Hunt (appointed 14 April 2014 and resigned 10 Novembet 2014)

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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AUDITORS

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WEST PERTH WA 6005

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009

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Facsimile: +618 9389 7871

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Limited.
Home Exchange: Perth
ASX Codes: CXB

DIRECTORS' REPORT

The Directors present their report on Cobre Montana NL and its controlled entities ("Consolidated Entity") for the half-year ended 31 December 2014.

BOARD OF DIRECTORS

The names and details of the Consolidated Entity directors in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Adrian Griffin	Managing Director
Eduardo Valenzuela	Non-executive Chairman
Bryan Dixon	Non-executive Director

COMPANY SECRETARY

Amanda Wilton-Heald (appointed 10 November 2014)

Elizabeth Hunt (appointed 16 April 2014 and resigned 10 November 2014)

REVIEW OF OPERATIONS

RECOGNISING AND ADDRESSING AN UNPARALLELED OPPORTUNITY

A widening gap in the supply chain

Early in the 2014/15 year, Cobre Montana NL ('Cobre') noticed an important change in the dynamics of lithium supply – a broadening supply gap and a potential shortage of available lithium. The dynamics on the supply side are complex and controlled by only a handful of producers. Cobre saw an unparalleled opportunity to develop an independent supply stream.

Lithium micas, long considered waste by the lithium chemical industry, comprise the most abundant group of lithium minerals worldwide. Recognising this, Cobre joined forces with Perth-based Strategic Metallurgy P/L to create a metallurgical process that could well create a supply-stream solution; that is, producing lithium carbonate from the waste from mining operations to fill the widening supply gap projected for the battery market. Initial laboratory tests confirmed the efficacy of a process that permits what was previously 'waste' to be labelled 'ore'.

The process has a very low energy footprint, and unlike other processes investigated in the past, requires no roasting. Significant by-product credits enhance the economics and estimated operating costs suggest the process will be competitive with the world's most efficient producers.

The abundance and availability of lithium micas not historically assessed for resource potential have provided Cobre with scope for establishing a project portfolio of significance in the lithium industry and reaping the rewards of first-mover advantage. Cobre has now made significant progress towards its goal of controlling the world's largest lithium inventory. This has been achieved by strengthening strategic relationships, which has provided immediate access to mineralized material, and targeting areas of high prospectivity for lithium micas, until now a 'forgotten resource'.

An outline of Cobre's progress during the reporting period follows.

Identifying the opportunity

In July 2014 a projected long-term supply deficit in the lithium market prompted Cobre to review lithium occurrences in Western Australia. It soon became apparent that much of the state's lithium was locked in the micas lepidolite and zinnwaldite, neither of which has previously been mined to produce lithium chemicals. The materials themselves were not a 'Resource' or 'Ore' under the JORC Code as there was no way of economically recovering the lithium from them. As a consequence, there was little point in undertaking field programs to quantify their abundance in any locality, as by JORC definition this would not result in a commercial outcome. Therefore, a metallurgical breakthrough was needed prior to detailed deposit evaluation.

Cobre, in conjunction with Strategic Metallurgy, conducted the first successful leach tests on a lepidolite specimen purchased on the Internet. Larger samples were subsequently required for bulk testing, which necessitated access to identified mineralization.
Negotiations to acquire the first of Cobre's lithium mica deposits began in July 2014.

First access to lepidolite deposits – September 2014

A number of areas of abundant lepidolite were targeted for evaluation, not only to supply the bulk test material needed to prove the veracity of Strategic Metallurgy's leach process but also to recover enough leach solutions to investigate downstream processing and the production of lithium chemicals.

Cobre's first project, Ravensthorpe, was procured by way of an option to purchase from Dempsey Minerals Ltd. Located near Ravensthorpe in Western Australia, the project covers the Cocanarup Pegmatite Field, which in the past has produced various commodities hosted by the pegmatites.

The second project, the Coolgardie Rare Metals Venture, also in Western Australia, is an initiative with Focus Minerals Limited (ASX:FML). It includes the historic lithium production centre of Lepidolite Hill. Under the terms of its agreement with FML, Cobre has the rights to all metals derived from pegmatites on the property and will free-carry a 20% FML interest to the point at which a decision is made to commit to feasibility.

Production of battery-grade lithium carbonate – October 2014

Bulk samples from Lepidolite Hill were subjected to flotation, producing a high-grade lepidolite concentrate that was subsequently leached. Further processing of the leach liquor removed unwanted impurities and precipitated battery-grade lithium carbonate. This result was achieved less than three months after obtaining access to the first of the Western Australian deposits.

Lithium process breakthrough delivers 25-year option

In recognition of Cobre's collaboration in developing the lithium mica extraction technology, Strategic Metallurgy, owners of the intellectual property, granted Cobre an option over an exclusive licence to use the technology in Western Australia for more than 25 years, plus two other licences that can be used anywhere in the world.

Access to more deposits in Western Australia

Cobre's success in producing battery-grade lithium carbonate from lithium mica has prompted global interest in the process and led to a number of collaborative agreements. Those agreements include the Seabrook Rare Metals Venture with Tungsten Mining NL (ASX:TGN), where Cobre has the rights to all metals except tungsten. A 20% TGN interest will be free-carried to the point at which a decision is made to commit to feasibility.

Further, Cobre has entered into an agreement with Pilbara Minerals Limited (ASX:PLS) to assess PLS's Pilgangoora project in the north-west of Western Australia, with a view to presenting PLS with a commercial development proposal by May 2015. Material from Pilgangoora is presently the subject of metallurgical testing.

From a focus on tin to a major lithium resource in two months

In December 2014, Cobre announced a landmark agreement with European Metals Holdings Ltd (ASX:EMH). Under the terms of that agreement, Cobre agreed to assess the lithium potential of the 100% EMH-owned Cinovec tin/tungsten deposit in the Czech Republic. Although a published lithium resource existed there, EMH recognised that then proposed techniques for lithium extraction involved roasting and hence were high-cost processing routes which historically had not been competitive.

Laboratory tests conducted after the end of the reporting period revealed that the Clnovec zinnwaldite responds well to both concentration by flotation and further acid leaching using the Strategic Metallurgy flow sheet.

As a consequence of that metallurgical success and additional drilling, the deposit has been re-modelled, the result being publication of the following resource statement:
- an Inferred Resource of 5.5 Mt LCE*, 514.8 Mt @ 0.43% Li_2O (0.1% Li cut-off), and
- an additional Exploration Target of 3.4–5.3 Mt LCE, being 350–450 Mt @ 0.39-0.47% Li_2O.

Both the conversion of an opportunity into reality via the application of new technology to a 'forgotten resource' and the elevation of an unknown deposit into one of the world's five largest hard-rock lithium deposits are testament to the potential of Cobre to realize its ultimate goal: that of controlling the greatest lithium inventory of any company.

**LCE (lithium carbonate equivalent) is a common measure for reporting lithium production and demand; LCE = Li_2O% x 2.473.*

Looking ahead

Cobre is the only company actively pursuing the production of battery-grade lithium carbonate from micas with a cost competitive processing technique. This gives it significant 'first mover' advantage, as does the exclusive nature of its extraction technology licences.

Western Australia's lithium mica deposits remain Cobre's exclusive domain, while the first of its global licences has been allocated to the giant Cinovec deposit in the Czech Republic; Cobre is now preparing its commercial development proposal for presentation to the project's owner, European Metals Holdings Ltd.

Meanwhile, Cobre is assessing other projects worldwide and reviewing opportunities in Africa, Europe, the Americas and Australia.

RESULTS OF OPERATIONS

The operating loss after income tax of the Consolidated Entity for the half-year ended 31 December 2014 was $ 522,601 (31 December 2013: $902,879).

No dividend has been paid during or is recommended for the financial period ended 31 December 2014.

FINANCIAL POSITION

The Consolidated Entity's working capital, being current assets less current liabilities was $49,523 at 31 December 2014 (30 June 2014: working capital deficit of $182,795). The low working capital has included accrued expenses of 117,848 and invoices payable by issuing of shares of $144,583. This is to be resolved by raising more capital and issuing of shares to offset against the outstanding invoices after the period end.

In the Directors' opinion, there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

SUBSEQUENT EVENTS

On 7 January 2015, the Company has issued 1,400,000 ordinary fully paid shares at deemed issue price $0.044 per share in lieu of services.

On 23 January 2015, the Company has issued 2,869,297 ordinary fully paid shares at deemed issue price $0.0247 per share as part of the Director and Senior Management Fee & Remuneration Sacrifice Share Plan.

On 23 January 2015, the Company has issued 1,178,214 ordinary fully paid shares at deemed issue price $0.035 per share in lieu of services.

On 1 January 2015, one of company's subsidiaries, Capricorn Iron Limited (Guernsey) has signed the share transfer form to transfer its 70% interest in Capricorn Iron (Pty) Ltd in South Africa to existing shareholder. This transfer has nil consideration and the Company is in the progress of winding up Capricorn Iron Limited (Guernsey).

On 12 March 2015, the Company has issued 2,499,095 ordinary fully paid shares at a issue price of $0.04144 per share as part of placement and in lieu of services.

There have not been any other material events subsequent to the end of the reporting date and the date of this report that have not been included in this financial report.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Bentleys, to provide the directors of the Consolidated Entity with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2014.

This report has been made in accordance with a resolution of the Board of Directors.

Adrian Griffin
Managing Director

Dated at Perth this 16th day of March 2015

Competent Person's Statement

The information contained in the report relates to Exploration Results of projects owned by Cobre Montana NL and is based on information compiled or reviewed by Mr Adrian Griffin, an employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Griffin has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person, as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Griffin has given consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Bentleys
THINKING AHEAD

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To the Board of Directors

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

As lead audit director for the review of the financial statements of Cobre Montana NL for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

BENTLEYS	**MARK DELAURENTIS CA**
Chartered Accountants	**Director**

Dated at Perth this 16th day of March 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2014

	Note	31 December 2014 $	31 December 2013 $
Continuing Operations			
Revenue		22	6,303
Occupancy costs		(16,000)	(16,750)
Professional fees		(109,056)	(105,816)
Corporate fees		(41,878)	(91,040)
Employee benefits expense		(304,553)	(381,707)
Option expense		(8,692)	(50,004)
Administration costs		(15,583)	(52,821)
Fair value of investments adjustment		(1,522)	(220)
Exploration and evaluation costs written off		(25,339)	(210,824)
Loss before income tax		(522,601)	(902,879)
Income tax expense		-	-
Loss from continuing operations		(522,601)	(902,879)
Other comprehensive income		-	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation		(50,145)	(15,957)
Total comprehensive income for the period		(572,746)	(918,836)
Loss for the year attributable to:			
Members of the controling entity		(521,766)	(865,601)
Non controlling interest		(835)	(37,278)
		(522,601)	(902,879)
Total comprehensive income attributable to:			
Members of the controlling entity		(571,911)	(881,558)
Non controlling interest		(835)	(37,278)
		(572,746)	(918,836)
Basic loss per share (cents per share)		0.62	1.9

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Note	31 December 2014 $	30 June 2014 $
Current Assets			
Cash and cash equivalents		847,866	334,193
Trade and other receivables		25,097	15,667
Other assets		12,982	5,512
Total Current Assets		885,945	355,372
Non Current Assets			
Financial assets		4,279	5,800
Exploration Expenditure	5	218,239	196,239
Property, plant and equipment		4,240	486
Total Non Current Assets		226,758	202,525
TOTAL ASSETS		1,112,703	557,897
Current Liabilities			
Trade and other payables		836,422	538,167
Total Current Liabilities		836,422	538,167
TOTAL LIABILITIES		836,422	538,167
NET ASSETS		276,281	19,730
Equity			
Issued capital	8	9,387,690	8,567,085
Reserves		374,170	415,623
Accumulated losses		(9,313,671)	(8,791,905)
Controlling entity interest		448,189	190,803
Non controlling interest		(171,908)	(171,073)
TOTAL EQUITY		276,281	19,730

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2014

	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non Controlling Interest	Total
	$	$		$		$
Balance at 1 July 2013	6,727,631	407,090	(32,040)	(6,244,441)	(81,188)	777,052
Loss for the period	-	-	-	(865,601)	(37,278)	(902,879)
Exchange differences on translation of foreign subsidiary	-	-	(15,957)	-	-	(15,957)
Total comprehensive loss for the period	-	-	(15,957)	(865,601)	(37,278)	(918,836)
Transaction with owner, directly recorded in equity:						
Issue of shares	1,028,300	-	-	-	-	1,028,300
Capital raising costs	(74,360)	-	-	-	-	(74,360)
Option valuation reserve	-	50,004	-	-	-	50,004
Balance at 31 December 2013	**7,681,571**	**457,094**	**(47,997)**	**(7,110,042)**	**(118,466)**	**862,160**
Balance at 1 July 2014	8,567,085	457,094	(41,471)	(8,791,905)	(171,073)	19,730
Loss for the period	-	-		(521,766)	(835)	(522,601)
Other comprehensive income	-	-	-	-	-	-
Exchange differences on translation of foreign subsidiary	-	-	(50,145)	-	-	(50,145)
Total comprehensive loss for the period	-	-	(50,145)	(521,766)	(835)	(572,746)
Transaction with owner, directly recorded in equity:						
Issue of shares	909,371	-	-	-	-	909,371
Capital raising costs	(88,766)	-	-	-	-	(88,766)
Option valuation reserve	-	8,692	-	-	-	8,692
Balance at 31 December 2014	**9,387,690**	**465,786**	**(91,616)**	**(9,313,671)**	**(171,908)**	**276,281**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2014

	31 December 2014	31 December 2013
	$	$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(157,280)	(343,171)
Payments for exploration and evaluation	(125,478)	(567,458)
Interest received	22	5,325
Net cash outflow from operating activities	(282,736)	(905,304)
Cash Flows from Investing Activities		
Purchase of financial assets	-	-
Purchase of property, plant and equipment	-	-
Purchase of equity investment	-	(655,048)
Net cash outflow from investing activities	-	(655,048)
Cash Flows from Financing Activities		
Proceeds from issue of shares and options	800,000	962,565
Payment for capital raising costs	(3,591)	(74,360)
Net cash inflows from financing activities	796,409	888,205
Net decrease in cash held	513,673	(672,147)
Cash and cash equivalents at the beginning of the period	334,193	885,184
Cash and cash equivalents at the end of the period	847,866	213,037

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

1. CORPORATE INFORMATION

The financial report of Cobre Montana NL and controlled entities ("the Consolidated Entity") for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 16 March 2015. Cobre Montana NL is a no liability company incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Consolidated Entity are described in the directors' report that is included in this report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The half-year financial report is a general-purpose financial statement, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The half-year financial report has been prepared on a historical cost basis, except where applicable for financial assets that have been measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report of Cobre Montana NL as at 30 June 2014 and any public announcements made by the Consolidated Entity during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The half-year financial statements have been prepared in accordance with the accounting policies adopted in the consolidated entity's last annual financial statements for the year ended 30 June 2014.

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

New or revised standards and interpretations that are first effective in the current reporting period

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

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting '
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
  - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
  - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
  - Part C: 'Materiality'

- Interpretation 21 'Levies'

The adoption of the above standards have not had a material impact on this half year financial report.

Going concern

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

The Consolidated Entity has incurred a net loss for the period ended 31 December 2014 of $522,601 (2013: $902,879) and experienced net cash outflows from operating activities of $282,736 (2013: $905,304).

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon the ability of the Consolidated Entity to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this interim financial report.

Based on the cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Consolidated Entity's history of raising capital to date, the directors are confident of the Consolidated Entity's ability to raise additional funds as and when they are required.

Should the Consolidated Entity not achieve the matters set out above, there is material uncertainty whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Consolidated Entity not be able to continue as going concern.

3. SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

For management purposes the consolidated entity has one segment which is exploration activities relating to minerals.

Refer to the relevant financial statements for details on assets, liabilities, revenues and expenses monitored by the Board.

(b) Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the previous reporting period end 31 December 2014 is as follows:

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Consolidated entity has tenements in South Africa, Chile and Western Australia. However, the Board, on a functional perspective, has identified that there is only one reportable segment, being exploration of minerals.

Refer to the relevant financial statements for details on assets, liabilities, revenues and expenses monitored by the Board.

4. OPERATING SEGMENTS

(i) Segment performance

31 December 2014

	Exploration $	Total $
Revenue	-	-
Expenses	(25,339)	(25,339)
Total segment loss	**(25,339)**	**(25,339)**
Reconciliation of segment result to Company net loss		
i) Unallocated items		
- Interest revenue		22
- Other		(497,284)
Net loss from continuing operations		**(522,601)**

31 December 2013

	Exploration $	Total $
Revenue	-	-
Expenses	(210,824)	(210,824)
Total segment loss	**(210,824)**	**(210,824)**
Reconciliation of segment result to Company net loss		
i) Unallocated items		
- Interest revenue		5,313
- Other		(697,368)
Net loss from continuing operations		**(902,879)**

4. OPERATING SEGMENTS (continued)

(ii) Segment Assets

31 December 2014

	Exploration $	Total $
Segment Assets	218,239	218,239
Unallocated assets:		
- Cash and cash equivalents		847,866
- Trade and other receivables		25,097
- Other Assets		21,501
Total Company Assets		**1,112,703**

30 June 2014

	Exploration	Total
	$	$
Segment Assets	196,239	196,239
Unallocated assets:		
- Cash and cash equivalents		334,193
- Trade and other receivables		15,667
- Other Assets		11,798
Total Company Assets		**557,897**

5. CAPITALISED EXPLORATION EXPENDITURE

	31-Dec-14	30-Jun-14
	$	**$**
Opening balance	**196,239**	**-**
Acquisition of mining tenements – Piedrecillas Chile	-	196,239
Options fees paid – Ravensthrope E74/0543	22,000	-
Closing balance	**218,239**	**196,239**

The ultimate recoupment of the deposit for Piedrecillas in Chile and Ravensthrope in Western Australia is dependent on the successful development and commercial exploitation or scale of the project.

On 1 September 2014, the Company has executed the option to purchase with Dempsey Minerals Limited ("Vendor") to purchase the Exploration Licence on E74/0543, located in the Ravensthrope area of Western Australia and technical information under the terms of the Option to Purchase.

On the execution of the agreement, the Company is obligated to issue 100,000 and 200,000 respectively and complete the due diligence within 6 months of the date of agreement. Additionally, the Company is obligate to pay the Vendor the sum of $10,000 in consideration of acquiring the Exploration License.

This was deemed to be an acquisition of Exploration License and does not constitute a business combination.

6. SUBSEQUENT EVENTS

On 7 January 2015, the Company has issued 1,400,000 ordinary fully paid shares at deemed issue price $0.044 per share in lieu of services.

On 23 January 2015, the Company has issued 2,869,297 ordinary fully paid shares at deemed issue price $0.0247 per share as part of the Director and Senior Management Fee & Remuneration Sacrifice Share Plan.

On 23 January 2015, the Company has issued 1,178,214 ordinary fully paid shares at deemed issue price $0.035 per share in lieu of services.

On 1 January 2015, one of company's subsidiaries, Capricorn Iron Limited (Guernsey) has signed the share transfer form to transfer its 70% interest in Capricorn Iron (Pty) Ltd in South Africa to existing shareholder. This transfer has nil consideration and the Company is in the progress of winding up Capricorn Iron Limited (Guernsey).

On 12 March 2015, the Company has issued 2,499,095 ordinary fully paid shares at a issue price of $0.04144 per share as part of placement and in lieu of services.

6. SUBSEQUENT EVENTS (continued)

There have not been any other material events subsequent to the end of the reporting date and the date of this report that have not been included in this financial report.

7. CONTINGENT LIABILITIES

The Consolidated Entity has no known material contingent liabilities as at 31 December 2014 (31 December 2013: Nil).

8. ISSUED CAPITAL

(a) Issued and paid up capital

	31 December 2014		30 June 2014	
	Number	**$**	**Number**	**$**
Share capital				
Ordinary Shares				
Fully paid of no par value	107,570,428	9,386,520	80,046,967	8,565,915
(b) Movement in ordinary shares on issue				
Other equity securities				
Partly-paid contributing shares	49,628,001	1,170	11,700,000	1,170
Total contributed equity	**157,198,429**	**9,387,690**	**91,746,967**	**8,567,085**

Reconciliation of the number of Ordinary Shares - fully paid

Movements in ordinary share capital of the Company during the period as follows:

	No. of shares	**Value $**
Opening balance 1 July 2014	80,046,967	8,565,915
Shares issued during the period:		
18 July 2014 (i)	3,098,017	37,870
18 July 2014 (ii)	106,638	5,503
18 July 2014 (iii)	544,719	27,999
18 July 2014 (iv)	116,944	5,999
4 September 2014 (v)	500,000	20,000
12 September 2014 (vi)	100,000	4,000
27 November 2014 (vii)	200,000	8,000
30 December 2014 (viii)	22,857,143	800,000
Less: Transaction costs		(88,766)
Closing balance 31 December 2014	**107,570,428**	**9,386,520**

(i) On 18 July 2014, the Company issued total 3,098,017 ordinary shares at $0.04 each as part of the shortfall to the non-renounceable pro rata Entitlement Offer pursuant to the prospectus dated 5 May 2014. A total amount of $86,050 was received in the 2014 financial year and shares were issued in this period.
(ii) On 18 July 2014, the Company issued 106,638 ordinary shares at $ 0.0516 each under Director and Senior Management Fee & Remuneration Sacrifice Share Plan.
(iii) On 18 July 2014, the Company issued 544,719 ordinary shares at $ 0.0514 each under Director and Senior Management Fee & Remuneration Sacrifice Share Plan.

(iv) On 18 July 2014, the Company issued 116,944 ordinary shares at $ 0.0513 each under Director and Senior Management Fee & Remuneration Sacrifice Share Plan.
(v) On 4 September 2014, the Company issued 500,000 ordinary shares at $0.04 each as a share placement.
(vi) On 12 September 2014, the Company issued 100,000 ordinary shares at $0.04 per share to Dempsey Minerals Limited as part of the acquisition fees of Option to Purchase the Exploration Licence E74/0543.
(vii) On 27 November 2014, the Company issued 200,000 ordinary shares at $0.04 per share to Dempsey Minerals Limited as part of the acquisition fees of Option to Purchase the Exploration Licence E74/0543.
(viii) On 30 December 2014, the Company issued 22,857,143 ordinary shares at $ 0.035 each as a share placement to sophisticated investors.

Reconciliation of the number of contributing shares - partly paid

Movements in partly paid contributing shares of the Company during the period as follows:

	No. of shares	Value $
Opening balance 1 July 2014	11,700,000	1,170
24 July 2014 (i)	35,034,453	-
28 July 2014 (ii)	2,399,548	-
4 September 2014 (iii)	494,000	-
Closing balance 31 December 2014	**49,628,001**	**1,170**

Outstanding amount per partly paid ordinary shares at 31 December 2014 is $0.0964 (2013: $0.2499).

The partly paid ordinary shares are issued with 49,628,001 outstanding calls of 9.64 cents each. The dates for the future calls are not before 31 December 2014. The partly paid shares carry a right to a dividend on the same basis as holders of Ordinary Shares. Partly paid shares carry the right to vote in proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited). The company has the power to forfeit any shares where the call remains unpaid 14 days after the call was payable. The company must then offer the shares forfeited for public auction within six weeks of the ball becoming payable.

(i) On 24 July 2014, the Company issued 35,034,453 Partly Paid Shares at $0.05 each as part of the non-renounceable bonus offer of Partly Paid Shares, with a deemed paid up contribution of $0.001.

(ii) On 28 July 2014, the Company issued 2,399,548 Partly Paid Shares at $0.05 each as part of the non-renounceable bonus offer of Partly Paid Shares, with a deemed paid up contribution of $0.001.

(iii) On 4 September 2014, the Company issued 494,000 Partly Paid Shares at $0.05 each as part of the non-renounceable bonus offer of Partly Paid Shares, with a deemed paid up contribution of $0.001.

(c) Options as at 31 December 2014

Unlisted options on issue as at 31 December 2014 as follows:

	Number	Exercise Price	Weighted average exercise price
Options outstanding 1 July 2014	**11,648,867**		**$0.15**
Forfeited 13 September 2014	(2,350,000)	$0.30	
Granted 28 July 2014, exercisable on or before 1 July 2016*	3,000,000	$0.10	
Options outstanding as at 31 December 2014	**12,298,867**		**$0.11**

* Options granted to consultants in lieu of services provided.

9. FINANCIAL INSTRUMENTS

The Group's financial instruments consist of trade and other receivable and trade and other payables. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

Financial assets

The Group's Held for trading financial assets are level-1 financial instruments and valued using the quoted bid prices from the Australian Securities Exchange as at the reporting date.

DIRECTORS' DECLARATION

The directors of Cobre Montana NL declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards AASB 134: *Interim Financial Reporting*; and

   (b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance as represented by the results of its operations, changes in equity and its cash flows for the half-year ended on that date; and

2. At the date of this statement there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts when they become due and payable.

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

Adrian Griffin
Managing Director

Dated at Perth this 16th day of March 2015

Bentleys
THINKING AHEAD

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Independent Auditor's Review Report

To the Members of Cobre Montana NL

We have reviewed the accompanying half-year financial report of Cobre Montana NL ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2 in the half-year financial report which indicates that the Consolidated Entity incurred a loss of $522,601 during the period ended 31 December 2014. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 16th day of March 2015