COBRE MONTANA NL
(Formerly Midwinter Resources NL)

(ACN 126 129 413)

Annual Report

For the Year Ended
30 June 2014

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Corporate Directory

DIRECTORS

Adrian Griffin (Managing Director)

Bryan Dixon (Non-executive Director

Martin Pyle (resigned 3 October 2013)

Eduardo Valenzuela (Non-executive Chairman) *(appointed 19 August 2013)*

David Seymour (resigned 3 October 2013)

Philip Miolin (resigned 3 October 2013)

COMPANY SECRETARY

Elizabeth Hunt *(appointed 16 April 2014)*
Amanda Wilton-Heald *(appointed 26 July 2013 and resigned 16 April 2014)*
Julie Hill *(resigned 26 July 2013)*

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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Email: info@cobremontana.com.au
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AUDITORS

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WA 6005

SHARE REGISTRY

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Nedlands
WA 6009

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STOCK EXCHANGE LISTING

The Company is listed on Australian Securities Exchange Limited
Home Exchange – Perth
ASX Codes: CXB
CXBCA

CHAIRMAN'S LETTER

Dear Fellow Shareholder

As mentioned in the Chairman's Letter to the 2014 Annual Report, Cobre Montana continued to seek new diversification opportunities within the resource sector this year.

Although following a brief drilling campaign at the Mantos Grandes project, the Company decided not to proceed further with this farm-in opportunity, our efforts have been successful in securing the acquisition of a 55% interest in the Piedrecillas copper-silver-gold project in central Chile. The Company remains active in seeking further acquisition opportunities in what it considers a highly prospective and under-explored area of Chile.

Chile is the world's largest copper producer and a prolific producer of gold, and the Piedrecillas project represents an exciting greenfields opportunity featuring historic small-scale mining activity, proximity to infrastructure, easy access from Chile's capital Santiago, and a favourable location within the same region as El Teniente, the world's largest underground copper mine.

In addition to our ongoing focus on Cu-Au-Ag projects in Chile, the Company continues to review opportunities that may add value for its shareholders. Subsequent to the year end, Cobre Montana identified through its technical know-how and technology partnerships, a potential opportunity for commercial extraction of lithium group metals from certain ores. In this context, Cobre Montana has entered into agreements with third parties aimed at securing access to prospective ground as well as to lithium extraction technology.

As we are all aware, the past 12 months have been unusually difficult for most junior exploration companies worldwide. In spite of that Cobre Montana remains committed to advancing its Piedrecillas Cu-Ag project as well as consolidating its position in the exploration and potential processing of lithium bearing ores in Western Australia and potentially further afield.

Your board greatly appreciates your support in these trying times for the minerals industry.

I would also like to thank the dedicated management team and staff at Cobre Montana for their contributions and commitment during the year.

Yours sincerely

Eduardo Valenzuela
CHAIRMAN

DIRECTORS' REPORT

Due to the change of Company's direction and focus, the directors proposed to change the company name to Cobre Montana NL (formerly known as Midwinter Resources NL) and resolution to do so was passed by shareholders at the General Meeting held in August 2013. On 12 September 2013, ASIC has issued the Certificate of Registration on Change of Name.

Your directors present their report on Cobre Montana NL (the "Company"), and its controlled entity (the "consolidated entity") for the year ended 30 June 2014 (the "year").

1. DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Adrian Griffin	Managing Director
Martin Pyle	Non-Executive Chairman (resigned 3 October 2013)
Bryan Dixon	Non-Executive Director
Philip Miolin	Non-Executive Director (resigned 3 October 2013)
David Seymour	Non-Executive Director (resigned 3 October 2013)
Eduardo Valenzuela	Non-Executive Chairman (appointed 19 August 2013)

BOARD OF DIRECTORS

The names and details of the consolidated entity directors in office during the financial year and until the date of this report are as outlined below. Directors were in office for this entire period unless otherwise stated.

Adrian Griffin **(Managing Director)**

Mr Griffin has extensive experience in the resource sector accumulated over 35 years. He has held directorships in a number of private and listed resource companies and has been responsible for operating large integrated mining and processing facilities including the Bulong nickel-cobalt operation in the late 1990s. Mr Griffin has substantial experience in the mining industry in South Africa and in particular was founder and technical director of Ferrum Crescent Ltd, a developer of iron ore in that country. Mr Griffin is currently a director of Northern Minerals Limited, Potash West NL, and Reedy Lagoon Corporation Limited

Bryan Dixon ***(Non-Executive Director)***

Mr Dixon has substantial experience in the mining sector and in the management of public and listed companies. Previously, Mr Dixon has been employed by KPMG, Resolute Samantha Limited, Société Générale and Archipelago Resources Plc. Mr Dixon is Managing Director of ASX listed Blackham Resources Ltd and also holds a non-executive directorship with Hodges Resources Limited. Mr Dixon is a Chartered Accountant and brings additional project development, project acquisition, financing and corporate skills to the Company.

Eduardo Valenzuela ***(Non-Executive Chairman, appointed 19 August 2013)***

Mr Valenzuela graduated as mining engineer from the University of Chile in 1978 and also holds a Master of Business in International Management from Curtin University in WA. He has extensive mining industry experience in Australia, Latin America, USA, the Middle East and Asia, working with top-tier and junior mining companies and consulting organisations such as BHP Minerals, BHP Engineering, IFC (World Bank), Anaconda Nickel, SKM, and Sundance Resources. Mr Valenzuela specialises in project management, mine management, and multi-disciplinary feasibility studies.

Martin Pyle ***(Non-Executive Chairman)*** (resigned 3 October 2013)

Philip Miolin ***(Non-Executive Director)*** (resigned 3 October 2013)

David Seymour ***(Non-Executive Director)*** (resigned 3 October 2013)

DIRECTORS' REPORT

COMPANY SECRETARY

Elizabeth Hunt (appointed 16 April 2014)

Elizabeth has over fifteen years' corporate and accounting experience with a particular interest in governance. Elizabeth's knowledge includes IPO management, governance & risk, company secretarial matters, ASX listing requirements, ASIC and other statutory reporting requirements, and financial accounting and reporting.

Elizabeth holds a BSc degree in Sustainable Development (Murdoch University) and has completed a Master of Accounting (Curtin University), the Governance Institute of Australia Certificate in Governance and Risk Management, and is a Graduate of the Australian Institute of Company Directors.

Amanda Wilton-Heald (appointed 26 July 2013 and resigned 16 April 2014)

Julie Hill (resigned 26 July 2013)

Directorships of other listed companies

Directorships of other listed companies held by directors in the three years immediately before the end of the financial year are as follows:

Name	***Company***	***Period of directorship***
Adrian Griffin		
	Potash West NL	From 12 November 2010
	Northern Minerals Limited	From 22 June 2006
	Reedy Lagoon Corporation Limited	From 30 June 2014
Bryan Dixon	Blackham Resources Limited	From 7 July 2006
	Hodges Resources Limited	From 17 August 2005

2. PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the financial year was mineral exploration and project acquisition.

There were no significant changes in the nature of the consolidated entity's principal activities during the financial year other than as stated in the Chairman's Report and outlined in the Review of Operations.

3. OPERATING RESULTS

The loss of the consolidated entity after providing for income tax amounted to $2,754,658 (2013: loss of $1,786,855).

4. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

DIRECTORS' REPORT (Continued)

5. REVIEW OF OPERATIONS

Prior to the reporting period, Midwinter Resources NL (later to change its name to Cobre Montana NL) commenced due diligence on the Mantos Grandes copper/gold deposit in Chile (about 400km north of the capital, Santiago). Due diligence was completed in July 2013 and shareholder approval granted to enter into the farmin/JV with the holders of the property, Southern Hemisphere Mining Limited (ASX:SUH). Shareholders also approved the name change to Cobre Montana NL ("Cobre") to better reflect the change from South African iron ore, to copper/gold explorer in Chile.

Management changes were implemented to better service the Chilean activities, with Chilean mining executive, Eduardo Valenzuela joining the board in August 2013, and subsequently taking up the role as Chairman of the Board. Belinda Ting was appointed CFO also in August 2013.

Field activities commenced at Mantos Grandes in December 2013 in preparation for an 800 metre diamond drilling campaign. Diamond drilling commenced in January 2014. Twelve holes were completed for 790m. All composited drill intercepts above a grade of 0.40g/t Au or 0.5% Cu from are shown below in Table 1. Drill hole locations are shown in Figure 1. Management considered the continuity of mineralization at Mantos Grandes to be insufficient to warrant further participation in the project and Cobre subsequently withdrew from the farmin in June 2014.

Hole	East (m)	North (m)	Elev (m)	Azim	Dip	Depth (m)	From (m)	To (m)	Int (m)	Au (g/t)	Cu (%)	Ag (g/t)
DDHCM-02	351355	6584521	2537	70	-60	18.20	1	5	4	0.83	0.23	1.25
							9	18.2	9.2	0.83	0.29	2.24
DDHCM-03	351334	6584590	2583	85	-60	48.20	45	48.2	3.2	0.77	0.28	1.17
DDHCM-08	351383	6584812	2515	45	-70	60.20	1	2	1	0.33	0.55	1.00
DDHCM-09	351383	6584811	2515	130	-60	89.90	1	2	1	2.58	0.92	8.00
DDHCM-10	351360	6584700	2570	90	-60	108.00	11	12	1	0.47	0.27	2.00
							13	14	1	0.41	0.16	0.50
							25	26	1	0.45	0.25	2.00
							65	66	1	2.41	0.96	3.00

Table 1. Mantos Grandes significant drill intersections.

DIRECTORS' REPORT (Continued)

5. REVIEW OF OPERATIONS (continued)

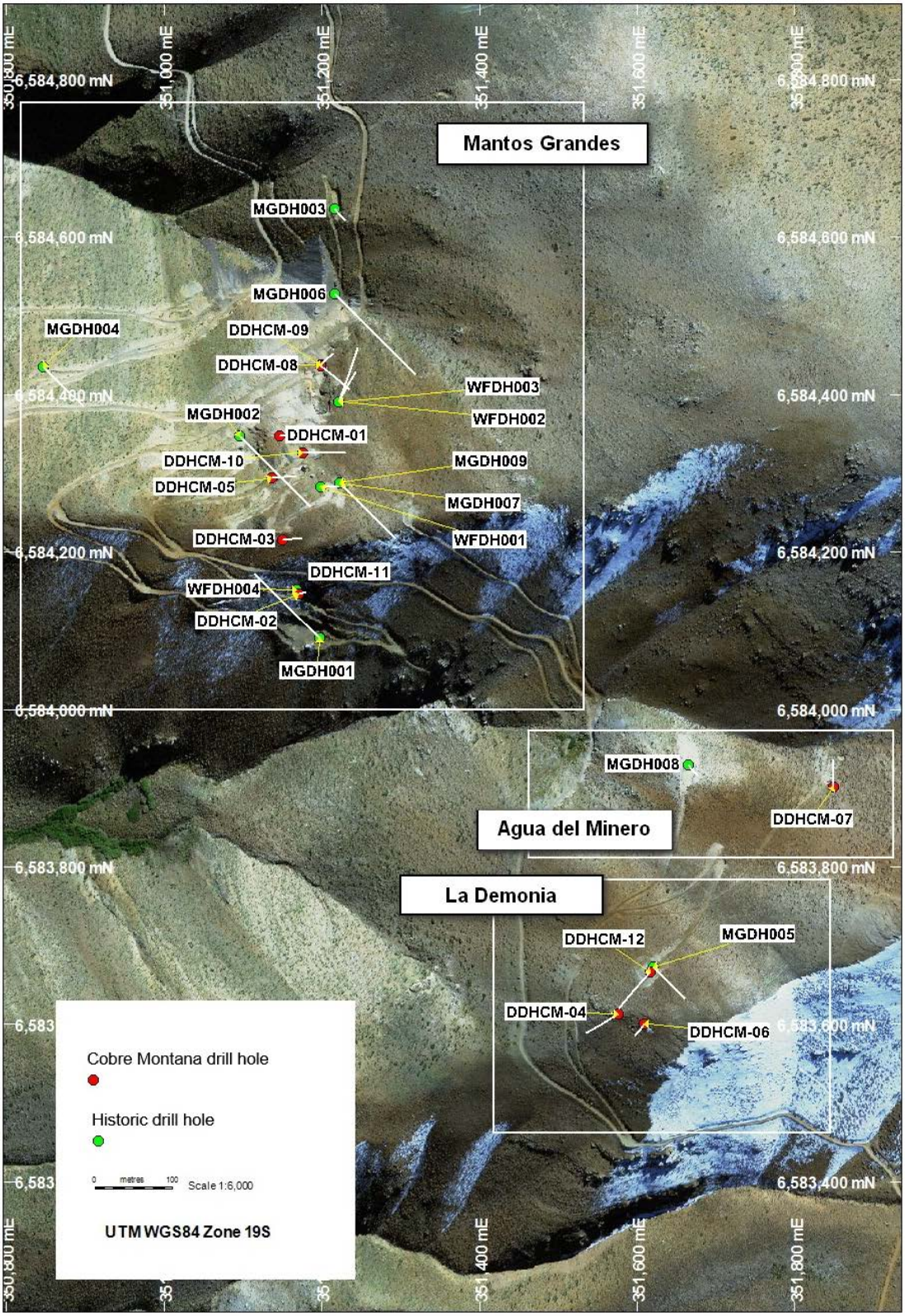

Figure 1. Location of Mantos Grandes drill holes (current holes prefixed "MGDH").

DIRECTORS' REPORT (Continued)

5. REVIEW OF OPERATIONS (continued)

In October 2013, Cobre entered into an option agreement to acquire equity in the Piedrecillas copper/silver project, located 180km to the southwest of Santiago. The Piedrecillas project has been described as having local geology similar to that of manto-style (tabular) deposits found elsewhere in the region. Manto-style mineralisation can host significant copper deposits, as evidenced by the El Soldado deposit (200 Mt @ 1.35% copper) operated by Anglo American. Manto deposits are often higher in grade than their larger porphyry counterparts, due to the preponderance of bornite mineralisation in the system. The option to acquire 55% of Piedrecillas was exercised in February 2014.

Subsequently, Cobre has recognised the potential of lithium as a driver in the practical development of electric vehicles, and believes there is an opportunity to capitalize on expanding demand for the metal.

Cobre has identified certain lithium minerals as an underdeveloped resource on a global scale. The occurrence of such minerals and available processing technology to recover the metal has drawn Cobre's attention to a number of prospective deposits. Subsequent to the end of the year, Cobre has acquired rights to lithium and rare metals deposits at Ravensthorpe and Coolgardie, in Western Australia.

6. SIGNFICANT CHANGES IN STATE OF AFFAIRS

On 2 April 2014, the Company has announced the procurement of a 55% of the Piedrecillas copper and silver deposit project in Chile. This was accomplished by making statutory payments required to maintain the exploration tenure, and the issue of 3,553,846 ordinary fully paid shares in the capital of Cobre Montana.

On 24 June 2014, the Company announced its withdrawal from the Mantos Grandes farmin agreement. The Directors, and the Company's technical advisors believe that exploration at the majority owned Piedrecillas provides much greater potential value to shareholders than further expenditure on the farim-in opportunity at Mantos Grandes.

Apart from these items, there were no other significant changes in the state of affairs of the consolidated entity during the financial year.

7. AFTER BALANCE DATE EVENTS

On 18 July 2014, the Company issued 3,098,017 shares forming part of the shortfall to the non-renounceable pro-rata Entitlement Offer pursuant to the prospectus dated 5 May 2014, raising total funds of $123,920.

On 9 September 2014, the Company announced acquiring an option to purchase an exploration license in the Ravensthorpe mineral field in Western Australia. The licence contains a significant proportion of the Cocanarup Pegmatite Field which hosts lithium and rare metals.

On the 24 September 2014 the Company announced the terms of a strategic alliance with Focus Minerals Limited to explore for lithium and rare Metals in the Coolgardie region of WA. Under the terms of the agreement, the Company will sole fund exploration until a decision is made to commit to a definitive feasibility study at which time a 80% Cobre Montana, 20% Focus Minerals joint venture will be formed.

No matters or circumstances have arisen since the end of the financial year which significantly affected or which may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

8. FUTURE DEVELOPMENTS

Other than as referred to in this report, further information as to the likely developments in the operations of the consolidated entity and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the consolidated entity and its shareholders.

DIRECTORS' REPORT (Continued)

9. FINANCIAL POSITION

The consolidated entity was in a working capital deficit of $182,507 at 30 June 2014 (2013: positive working capital of $772,157). The deficit has included $280,430 accrued expenses and this is to be resolved by raising more capital after year 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.

10. DIRECTORS' MEETINGS

The number of meetings attended by each of the Directors of the consolidated entity during the financial year was:

	Board Meetings	
	Number held and entitled to attend	**Number Attended**
David Seymour *	1	-
Philip Miolin *	1	1
Bryan Dixon	4	4
Martin Pyle *	1	1
Adrian Griffin	4	4
Eduardo Valenzuela	4	4

** Directors resigned on 3 October 2013*

11. ENVIRONMENTAL ISSUES

The consolidated entity's operations are subject to State and Federal laws and regulation concerning the environment. Details of the consolidated entity performance in relation to environmental regulation are as follows:

The consolidated entity's exploration activities are subject to the South African Mineral and Petroleum Development Act. The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements. The consolidated entity aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the consolidated entity are not aware of any breach of environmental legislation for the financial year under review.

The Directors of the consolidated entity have reviewed the requirements under the Australian National Greenhouse Emission Regulation ("NGER"). NGER currently has no impact on the consolidated entity.

12. PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

13. SHARE OPTIONS

At the date of this report, the unissued ordinary shares of Cobre Montana NL under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
21 September 2010	13 September 2014	$0.3000	2,350,000
1 December 2011	29 December 2015	$0.2500	1,500,000
30 August 2013	2 September 2015	$0.0875	2,750,000
10 September 2013	9 September 2015	$0.1000	4,515,534
12 September 2013	9 September 2015	$0.1000	33,333
15 November 2013	2 September 2015	$0.0875	500,000
			11,648,867

Subsequent to 30 June 2014, 3 million $0.10 options exercisable on or before 1 July 2016 were issued on 29 July 2014.

DIRECTORS' REPORT (Continued)

14. REMUNERATION REPORT (audited)

The report outlines the remuneration arrangements in place for Directors and Key Management Personnel of Cobre Montana NL in accordance with the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel are defined as those having authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, including any directors of the consolidated entity.

Remuneration Policy

The board policy is to remunerate directors, officers and employees at market rates for time, commitment and responsibilities. The board determines payment to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold securities in the Company.

The consolidated entity's aim is remunerate at a level that will attract and retain high-calibre directors, officers and employees. Company officers and directors are remunerated to a level consistent with the size of the consolidated entity.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

All equity based remuneration paid to directors and executives is valued at the cost to the consolidated entity and expensed. Options are valued using the Black-Scholes methodology.

Performance Based Remuneration

The issue of options to directors is in accordance with the Company's employee share option plan to encourage the alignment of personal and shareholder returns. The intention of this program is to align the objectives of directors/executives with that of the business and shareholders. In addition all directors and executives are encouraged to hold shares in the Company.

The consolidated entity has not paid bonuses to directors or executives to date.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (audited) ***(Continued)***

14. REMUNERATION REPORT (audited) (continued)

Details of Remuneration for Year Ended 30 June 2014

The remuneration for each director and of the one executive officer of the consolidated entity during the year was as follows:

Directors and Executive Officers' Emoluments

	Short Term Benefits			Post Employment		Securities Issued		Total	Options % of Total Remuneration
	Salary, Fees & Superannuation	Other	Non-Monetary	Superannuation	Retirement Benefits	Equity	Options	$	%
Martin Pyle - Chairman [1]									
2014	15,050	-	-	519	-	4,855	8,370	28,794	29%
2013	50,947	-	-	2,395	-	-	-	53,342	0%
Bryan Dixon - Non Executive Director									
2014	30,000	-	-	-	-	4,000	8,370	42,370	20%
2013	48,333	-	-	-	-	-	-	48,333	0%
Adrian Griffin - Managing Director									
2014	137,500	-	-	-	-	22,000	12,555	172,055	7%
2013	241,667	-	-	-	-	-	-	241,667	0%
Phillip Miolin - Non Executive Director [2]									
2014	10,108	-	-	662	-	2,955	8,370	22,095	38%
2013	33,830	-	-	3,045	-	-	-	36,875	0%
David Seymour - Non Executive Director [3]									
2014	10,108	-	-	662	-	2,955	8,370	22,095	38%
2013	33,833	-	-	3,045	-	-	-	36,878	0%
Eduardo Valenzuela - Non Executive Chairman [4]									
2014	33,031	-	-		-	3,470	3,970	40,471	10%
2013	-	-	-	-	-	-	-	-	0%
Total									
2014	235,797	-	-	1,843	-	40,235	50,005	327,880	15%
2013	408,610	-	-	8,485	-	-	-	417,095	0%

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (audited) *(Continued)*

Employment Contracts of Directors and Senior Executives

The Managing Director, Mr Adrian Griffin, is employed under contract. This current contract commenced on 1 February 2011 and has a term of 3 years with an option to extend for a further 2 years. This contract provides Mr Griffin with a fee of $250,000. Effective from 1 May 2013, the amount has been revised to $200,000 per annum*. The company may terminate this employment agreement at any time and without prior notice if serious misconduct has occurred. In this event remuneration is only payable up until the date of the termination.

There were no formal contracts finalised as at the completion of the June 2013 financial year for Non-executive Directors. Non-executive Directors are paid under the terms agreed to by a directors resolution at rates detailed below:

Director's fees of $33,031* were paid, or were due and payable to Andes Consulting Pty Ltd. Mr Valenzuela is a director and shareholder of Andes Consulting Pty Ltd.

Director's fees of $30,000* were paid, or were due and payable to Warrior Strategic Pty Ltd. Mr Dixon is a director and shareholder of Warrior Strategic Pty Ltd.

Fees of $3,333 were paid to Hill Business Consulting Pty Ltd for company secretarial services and subsequently resigned on 26 July 2013. Ms Hill is a director and shareholder of Hill Business Consulting Pty Ltd.

Fees of $57,493 were paid to Mining Corporate Pty Ltd for company secretarial services and subsequently resigned on 16 April 2014. Ms Wilton-Heald is an employee of Mining Corporate Pty Ltd.

Fees of $15,275 were paid to Mining Corporate Pty Ltd for company secretarial services. Ms Hunt is an employee of Mining Corporate Pty Ltd

** Effective from 1 May 2013, all the Company's directors have resolved to undertake the salary sacrifice arrangement, 20% of the director's fees will be settled by issuing ordinary shares, and uses the project approval EGM to have the retrospective shares issued to directors and approve a forward plan.*

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The number of listed and unlisted options held by each KMP of the consolidated entity during the financial year is as follows:

	Balance 1.7.2013	Granted as Compensation	Options Exercised/ Expired	Balance 30.6.2014	Total Vested 30.6.2014	Total Exercisable 30.6.2014	Total unexercisable 30.6.2014
Martin Pyle 1	1,000,000	500,000	-	1,500,000	1,500,000	1,500,000	-
Bryan Dixon	1,000,000	500,000	-	1,500,000	1,500,000	1,500,000	-
Philip Miolin 2	525,000	500,000	(350,000)	675,000	675,000	675,000	-
David Seymour 3	525,000	500,000	(350,000)	675,000	675,000	675,000	-
Adrian Griffin	1,500,000	750,000	-	2,250,000	2,250,000	2,250,000	-
Eduardo Valenzuela 4	-	500,000	-	500,000	500,000	500,000	-
Total	**4,550,000**	**3,250,000**	**(700,000)**	**7,100,000**	**7,100,000**	**7,100,000**	**-**

	Balance 1.7.2012	Granted as Compensation	Options Exercised/ Expired	Balance 30.6.2013	Total Vested 30.6.2013	Total Exercisable 30.6.2013	Total unexercisable 30.6.2013
Martin Pyle	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
Bryan Dixon	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
Philip Miolin	525,000	-	-	525,000	525,000	525,000	-
David Seymour	525,000	-	-	525,000	525,000	525,000	-
Adrian Griffin	1,500,000	-	-	1,500,000	1,500,000	1,500,000	-
Total	**4,550,000**	**-**	**-**	**4,550,000**	**4,550,000**	**4,550,000**	**-**

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (audited) *(Continued)*

DIRECTORS' INTERESTS IN SHARES AND OPTIONS *(Continued)*

The number of ordinary shares held by each KMP of the consolidated entity during the financial year is as follows:

	Balance 1.7.2013	Received as compensation	Options exercised	Net change other	Balance 30.6.2014
Martin Pyle [1]	1,687,107	72,016	-	100,000	1,859,123
Bryan Dixon	480,487	80,000	-	290,787	851,274
Philip Miolin [2]	100,001	43,836	-	-	143,837
David Seymour [3]	468,000	43,836	-	45,455	557,291
Adrian Griffin	1,050,182	440,000	-	962,884	2,453,066
Eduardo Valenzuela [4]	-	69,400	-	728,119	797,519
Total	**3,785,777**	**749,088**	**-**	**2,127,245**	**6,662,110**

	Balance 1.7.2012	Received as compensation	Options exercised	Net change other	Balance 30.6.2013
Martin Pyle	1,237,107	450,000	-	-	1,687,107
Bryan Dixon	480,487	-	-	-	480,487
Philip Miolin	100,001	-	-	-	100,001
David Seymour	468,000	-	-	-	468,000
Adrian Griffin	370,470	679,712	-	-	1,050,182
Total	**2,656,065**	**1,129,712**	**-**	**-**	**3,785,777**

The number of partially paid contributing shares held by each KMP of the consolidated entity during the financial year is as follows:

	Balance 1.7.2013	Received as compensation	Options exercised	Net change other	Balance 30.6.2014
Martin Pyle [1]	1,403,143	-	-	-	1,403,143
Bryan Dixon	750,000	-	-	-	750,000
Philip Miolin [2]	100,000	-	-	-	100,000
David Seymour [3]	300,449	-	-	-	300,449
Adrian Griffin	334,082	-	-	-	334,082
Eduardo Valenzuela [4]	-	-	-	-	-
Total	**2,887,674**	**-**	**-**	**-**	**2,887,674**

	Balance 1.7.2012	Received as compensation	Options exercised	Net change other	Balance 30.6.2013
Martin Pyle	1,403,143	-	-	-	1,403,143
Bryan Dixon	750,000	-	-	-	750,000
Philip Miolin	100,000	-	-	-	100,000
David Seymour	300,449	-	-	-	300,449
Adrian Griffin	334,082	-	-	-	334,082
Total	**2,887,674**	**-**	**-**	**-**	**2,887,674**

There have been no other transactions involving equity instruments other than those described in the tables above.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (audited) *(Continued)*

DIRECTORS' INTERESTS IN SHARES AND OPTIONS *(Continued)*

Cash Bonuses, Performance-related Bonuses and Share-based Payments

During the year ended 30 June 2014, there were total 3,250,000 options granted to the key management personnel options.

	Remuneration Type	Grant Date	Reason for Grant (Note 1)	Percentage Vested/Paid during Year % (Note 2)	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment	Range of Possible Values Relating to Future Payments
Key Management Personnel								
M Pyle 1	Option based	30/08/2013	Remuneration	100	-	-	-	-
B Dixon	Option based	30/08/2013	Remuneration	100	-	-	-	-
P Miolin 2	Option based	30/08/2013	Remuneration	100	-	-	-	-
D Seymour 3	Option based	30/08/2013	Remuneration	100	-	-	-	-
A Griffin	Option based	30/08/2013	Remuneration	100	-	-	-	-
E Valenzuela 4	Option based	15/11/2013	Remuneration	100	-	-	-	-

During the year ended 30 June 2013, there were no options granted to the key management personnel options.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (audited) *(Continued)*

Options Issued as Part of Remuneration

There were total of 3,250,000 options issued to KMP as part of their remuneration for the year ended 30 June 2014. No cash consideration was paid by the recipients.

	Number Granted	Number Vested	Grant Date	Expiry Date	Exercise Price $	Fair Value at Grant Date $	% of Compensation for year consisting of options
Key Management Personnel							
M Pyle [1]	500,000	-	30/08/2013	2/09/2015	$0.0875	$0.0167	29%
B Dixon	500,000	-	30/08/2013	2/09/2015	$0.0875	$0.0167	20%
P Miolin [2]	500,000	-	30/08/2013	2/09/2015	$0.0875	$0.0167	38%
D Seymour [3]	500,000	-	30/08/2013	2/09/2015	$0.0875	$0.0167	38%
A Griffin	750,000	-	30/08/2013	2/09/2015	$0.0875	$0.0167	7%
E Valenzuela [4]	500,000	-	15/11/2013	2/09/2015	$0.0875	$0.0079	10%

There were no options issued to KMP as part of their remuneration for the year ended 30 June 2013.

1 *Martin Pyle has resigned as director on 3 October 2013.*
2 *Phillip Miolin has resigned as director on 3 October 2013.*
3 *David Seymour has resigned as director on 3 October 2013.*
4 *Eduardo Valenzuela was appointed as Non-Executive Chairman 19 August 2013.*

Eduardo Valenzuela

During the year, $62,000 (2013: Nil) additional consulting fees were paid to Andes Consulting Pty Ltd, a company of which Eduardo Valenzuela is a director and shareholder.

End of Remuneration Report

DIRECTORS' REPORT (Continued)

15. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company paid a premium of $13,392 to insure Directors and Officers of the Company. The Directors and Officers have indemnities in place with the Company whereby the Company has agreed to indemnify the Directors and Officers in respect of certain liabilities incurred by the Director or Officer while acting as a director of the Company and to insure the Director or Officer against certain risks the Director or Officer is exposed to as an officer of the Company.

16. NON-AUDIT SERVICES

No non-audit services were provided to the consolidated entity in the year ended June 2014.

17. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and immediately follows the Directors' Report.

18. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Cobre Montana support and have adhered to the principles of sound corporate governance.

The Board recognises the recent recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Cobre Montana is in compliance with those guidelines. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the consolidated entity. The consolidated entity's corporate governance statement and disclosures are contained in the annual report.

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

Adrian Griffin
Managing Director

Perth, Western Australia
30 September 2014

Competent Persons Statement:

The information contained in the report that relates to Exploration Results of projects owned by Cobre Montana NL and is based on information compiled or reviewed by Mr. Adrian Griffin, who is an employee of the Company and is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is 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 audit of the financial statements of Cobre Montana NL for the financial year ended 30 June 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2014

	Note	30 June 2014 $	30 June 2013 $
Continuing Operations			
Revenue	2	5,901	56,486
Occupancy costs		(33,250)	(28,274)
Professional fees		(185,485)	(80,654)
Corporate fees		(136,279)	(75,284)
Employee benefits expense		(694,499)	(513,892)
Option expense		(50,004)	-
Administration costs		(143,728)	(138,625)
Share of net losses of associates		-	(391,018)
Fair value of investments write down		(100)	(5,935)
Exploration and evaluation costs written off		(1,399,905)	(609,659)
Loss before income tax		(2,637,349)	(1,786,855)
Income tax expense	5	-	-
Loss from continuing operations		(2,637,349)	(1,786,855)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation		(9,431)	(32,040)
Total comprehensive income for the year		**(2,646,780)**	**(1,818,895)**
Loss for the year attributable to:			
Members of the controlling entity		(2,547,464)	(1,705,667)
Non controlling interest		(89,885)	(81,188)
		(2,637,349)	(1,786,855)
Total comprehensive income attributable to:			
Members of the controlling entity		(2,556,896)	(1,737,707)
Non controlling interest		(89,884)	(81,188)
		(2,646,780)	(1,818,895)
Basic loss per share (cents per share)	17	4.18	4.33

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Note	30 June 2014 $	30 June 2013 $
Current Assets			
Cash and cash equivalents	6	334,193	885,184
Trade and other receivables	7	15,667	26,327
Other assets	11	5,512	4,081
Total Current Assets		355,372	915,592
Non Current Assets			
Financial assets	8	5,800	5,900
Capitalised exploration expenditure	12	196,239	-
Property, plant and equipment		486	813
Total Non Current Assets		202,525	6,713
TOTAL ASSETS		557,897	922,305
Current Liabilities			
Trade and other payables	13	538,167	145,253
Total Current Liabilities		538,167	145,253
TOTAL LIABILITIES		538,167	145,253
NET ASSETS		**19,730**	**777,052**
Equity			
Issued capital	14	8,567,085	6,727,631
Reserves	15	415,623	375,050
Accumulated losses		(8,791,905)	(6,244,441)
Controlling entity interest		190,803	858,240
Non controlling interest		(171,073)	(81,188)
TOTAL EQUITY		**19,730**	**777,052**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended 30 June 2014

	Note	30 June 2014 $	30 June 2013 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(858,982)	(520,465)
Payments for exploration and evaluation		(969,437)	(533,054)
Interest received		5,901	57,843
Other - insurance claimed		-	1,888
Net cash outflow from operating activities	18	(1,822,518)	(993,788)
Cash Flows from Investing Activities			
Purchase of equity investment		(350,000)	-
Loan to other company		-	-
Net cash outflow from investing activities		(350,000)	-
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		1,728,259	-
Payment for capital raising costs		(106,732)	
Net cash inflows from financing activities		1,621,527	-
Net decrease in cash held		(550,991)	(993,788)
Cash and cash equivalents at the beginning of the year		885,184	1,878,972
Cash and cash equivalents at the end of the year	6	334,193	885,184

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2014

	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non Controlling Interest	Total
	$	$	$	$	$	$
Balance at 1 July 2012	5,995,131	407,090		(4,538,774)		1,863,447
Exchange differences on translation of foreign subsidiary	-	-	(32,040)	-	-	(32,040)
Loss for the year	-	-	-	(1,705,667)	(81,188)	(1,786,855)
Total comprehensive loss for the year	-	-	(32,040)	(1,705,667)	(81,188)	(1,818,895)
Transaction with owner, directly recorded in equity:						
Issue of shares	732,500	-	-	-	-	732,500
Balance at 30 June 2013	**6,727,631**	**407,090**	**(32,040)**	**(6,244,441)**	**(81,188)**	**777,052**
Balance at 1 July 2013	6,727,631	407,090	(32,040)	(6,244,441)	(81,188)	777,052
Loss for the year	-	-	-	(2,547,464)	(89,885)	(2,637,349)
Other comprehensive income						
Exchange differences on translation of foreign subsidiary	-	-	(9,431)	-	-	(9,431)
Total comprehensive loss for the year	-	-	(9,431)	(2,547,464)	(89,885)	(2,646,780)
Transaction with owner, directly recorded in equity:						
Issue of shares	1,946,186	-	-	-	-	1,946,186
Capital raising costs	(106,732)	-	-	-	-	(106,732)
Issue of options	-	50,004	-	-	-	50,004
Balance at 30 June 2014	**8,567,085**	**457,094**	**(41,471)**	**(8,791,905)**	**(171,073)**	**19,730**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Due to the change of Company's direction and focus, the directors have resolved to change the company name to Cobre Montana NL (formerly known as Midwinter Resources NL) and resolution has passed by shareholders at the General Meeting held in August 2013. On 12 September 2013, ASIC has issued the Certificate of Registration on Change of Name.

These consolidated financial statements and notes represent those of Cobre Montana NL and controlled entity (the "consolidated entity"). Cobre Montana NL is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of consolidation

The consolidated financial statements comprise the finance statements of Cobre Montana NL and its subsidiaries ("the Group"). 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 financial statements include the results for the part of the reporting period during which Cobre Montana NL has control.

Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and liabilities in the normal course of business.

The Consolidated Entity has incurred a net loss for the year ended 30 June 2014 of $2,637,349 (2013: $1,786,855) and experienced net cash outflows from operating activities of $1,822,518 (2013: $993,789). There was a working capital deficit of $182,795 at 30 June 2014 compared to a working capital surplus of $770,339 at 30 June 2013.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate because:

- The Company is in the progress of raising $800,000 through private placements in October 2014; and
- Furthermore, the Company is proposed to raise approximately a total of $1.5 million in the next 12 months via either making two calls on contributing shares or through private placements; and
- The Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable;

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Going concern (continued)

Should the Consolidated Entity not achieve the matters set out above, there is material uncertainty whether the Consolidated Entity will continue was 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.

(b) Exploration, Evaluation and Development Expenditure

Exploration and evaluation costs are expensed in the period they are incurred apart from mineral acquisition costs, which are capitalised and carried forward where right to tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated mineral acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and capitalised costs written off to the extent it is deemed that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(c) Financial Instruments

Financial instruments in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial instruments are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The consolidated entity determines the classification of its financial instruments after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the consolidated entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Financial Instruments (continued)*

(ii) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the consolidated entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(v) Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment
At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities on the balance sheet.

(b) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

(c) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generated unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.

(e) 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 Tax 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 balance sheet are shown inclusive of GST.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Goods and Services Tax (GST) (continued)

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement 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.

(f) Taxation

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit/loss from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(g) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(h) Share Based Payments

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(i) Issued Capital

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

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Earnings Per Share

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

Diluted EPS is calculated as net earnings attributable to members, 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 would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(k) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key Estimates - Impairment

The consolidated entity assess impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Estimates – Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the consolidated entity as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the consolidated entity's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

(l) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Fair Value of Assets and Liabilities (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques
In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy
AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Fair Value of Assets and Liabilities (continued)

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

***(m)* Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative figures are for the Company only as it acquired the controlled entity in the year ended 30 June 2013.

***(n)* New Accounting Standards for Application in Future Periods**

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

The Group has applied AASB 13 'Fair Value Measurement' for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

In addition, standards on consolidation, joint arrangements, associates and disclosures were adopted. The impact of the application of these standards is not material.

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) New Accounting Standards for Application in Future Periods

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
	$	$
2. REVENUE		
Operating activities		
- interest received from financial institutions	5,901	54,648
- other revenue	-	1,838
	5,901	56,486
3. LOSS FOR THE YEAR		
Expenses		
Exploration expenditure written off	1,399,905	1,268,808
Employee equity settled benefits	90,239	-
Defined contribution fund payments	-	-
4. AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	36,700	35,721
	36,700	35,721
5. INCOME TAX EXPENSE		
Current tax	-	-
Deferred tax	-	-
(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2013: 30%)	(791,205)	(536,056)
Add/(Less) tax effect of:		
Non deductible expenses	426,446	126,395
Option expenses	15,001	
Foreign expenditure	-	182,898
Interest accrual and other proceed	-	(1,876)
Deferred tax asset not brought to account	349,758	228,639
Income tax attributable to entity	-	-

No income tax is payable by the consolidated entity. The Directors have considered it prudent not to bring to account the deferred tax asset of income tax losses and exploration deductions until it is probable of deriving assessable income of a nature and amount to enable such benefit to be realised.

The consolidated entity has deferred tax assets not brought to account and available for offset of deferred tax liabilities amounting to $3,976,671 (2013: $2,810,157), the benefits of which will only be realised if the conditions for deductibility set out in Note1 (j) occur.

NOTES TO THE FINANCIAL STATEMENTS

	2014 $	2013 $
6. CASH AND CASH EQUIVALENTS		
Cash at bank (AA rated institutions)	333,993	284,984
Petty cash	200	200
Deposit at call (i) (AA rated institutions)	-	600,000
	334,193	885,184
7. TRADE AND OTHER RECEIVABLES		
Accrued interest	-	4,367
Trade debtors	1,075	-
GST receivable	14,592	21,960
	15,667	26,327
8. FINANCIAL ASSETS		
Non-Current		
Loans to associated companies	-	-
Less: Provision for impairment	-	-
	-	-
Held for trading financial asset	5,800	5,900
	5,800	5,900
9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Associated companies 10 (a)	-	-
10. ASSOCIATED COMPANIES		
a. Movements during the year in equity accounted investment in associated companies:		
Balance at the beginning of the financial year	-	391,018
Add: New investments during the year		-
Share of associated company's profit after income tax		(391,018)
Reversal of prior year share of associated company's profit after income tax		
Less: Eliminate the inter-company investment		
Balance at the end of the financial year	-	-

NOTES TO THE FINANCIAL STATEMENTS

	2014 $	2013 $

11. OTHER ASSETS

Prepayments	5,512	4,081

12. CAPITALISED EXPLORATION EXPENDITURE

Opening balance	-	-
Acquisition of mining tenements	196,239	-
Closing balance	196,239	-

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

On 24 February 2014, the Company has executed the option to acquire 55% of the prospective Piedrecillas copper/silver project in Chile. The option fee was USD $16,000 (equivalent to AUD$ 18,547) and exercise price was election of 3,553,846 fully paid ordinary shares in capital of CXB at deemed issue price of AUD $0.05 per share. The vendors comprise three Chilean nationals and one Chilean company. Upon execution of the option agreement in February 2014, Midwinter Chile SpA, a wholly owned subsidiary of Cobre Montana NL, acquired 55% of the shares from the existing Shareholders of the Sociedad Contractual Minera Piedrecillas, ("Piedrecillas Company") which hold the project and tenements in Chile.

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

Midwinter Chile SPA has exclusive right to undertake a feasibility study of these mining tenements with an option to acquire the remaining 45% of this company at a pre-determined purchase price formula as per the shareholders agreement between Midwinter Chile SPA and the original vendors. All costs incurred during the feasibility stage are borne by Midwinter Chile SPA.

Eduardo Valenzuela, Chairman of CXB, has an interest in the Chilean company which presently holds an indirect interest of 20% of the Piedrecillas project. The option agreement is with individual shareholders of the project's holding company and as such CXB is dealing with those shareholders as individuals.

13. TRADE AND OTHER PAYABLES

Current – unsecured		
Trade creditors	220,917	108,966
Other creditors and accrued expenses	280,430	36,287
Amounts payable to:		
'- Key management personnel related entities	36,820	-
	538,167	145,253

Outstanding balance to KMP relates to directors' remuneration is $39,500 (2013: Nil) and this amount is to be settled by issuing ordinary shares in the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

14. ISSUED CAPITAL

		2014		2013	
		Number	**$**	**Number**	**$**
(a)	Share Capital				
	Ordinary Shares				
	Fully paid of no par value	80,046,967	8,565,915	43,000,042	6,726,461
(b)	Other equity securities				
	Partly-paid contributing shares	11,700,000	1,170	11,700,000	1,170
	Total contributed equity	91,746,967	8,567,085	54,700,042	6,727,631

Outstanding amount per partly paid ordinary share at 30 June 2014 is $0.2499 (2013: $0.2499).

The partly paid ordinary shares are issued with 11,700,000 outstanding calls of 24.99 cents each. The dates for the future calls are not before 30 June 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 call becoming payable.

(c) Reconciliation of the number of Ordinary Shares

Movements in ordinary share capital of the Company during the past 2 years as follows:	**No. of shares**	**Value $**
Opening balance 1 July 2012	34,500,042	5,995,131
Shares issued during the year:		
9 July 2012 (i)	3,500,000	367,500
20 March 2013 (ii)	5,000,000	365,000
Closing balance 30 June 2013	43,000,042	6,727,631
Shares issued during the year:		
10 September 2013 (iii)	13,546,603	745,063
11 September 2013 (iv)	100,000	5,500
26 September 2013 (v)	827,275	45,500
16 October 2013 (vi)	159,688	10,765
4 November 2013 (vii)	589,400	29,470
3 December 2013 (viii)	2,781,818	153,000
23 December 2013 (ix)	709,136	39,002
21 January 2014 (x)	200,000	11,000
24 January 2014 (xi)	3,635,445	199,949
10 February 2014 (xii)	363,000	19,965
27 March 2014 (xiii)	3,552,846	177,642
31 March 2014 (xiv)	1,000	50
8 April 2014 (xv)	2,090,000	83,600
30 April 2014 (xvi)	1,637,500	65,500
21 May 2014 (xvii)	1,071,595	42,864
19 June 2014 (xviii)	5,781,619	231,265
30 June 2014 (xix)	-	86,050
Less: Transaction costs	-	(106,732)
Closing balance 30 June 2014	**80,046,967**	**8,567,085**

NOTES TO THE FINANCIAL STATEMENTS

14. ISSUED CAPITAL

(c) Reconciliation of the number of Ordinary Shares (continued)

(i) On 9 July 2012, the Company issued 3,500,000 ordinary shares at $0.105 each as a share placement.

(ii) On 20 March 2013, the Company issued 5,000,000 ordinary shares at $0.073 each under the acquisition agreement to increase its interest in Capricorn Iron Ltd to 100%.

(iii) On 10 September 2013, the Company issued 13,546,603 ordinary shares at $ 0.055 each as a share placement.

(iv) On 11 September 2013, the Company issued 100,000 ordinary shares at $ 0.055 each as a share placement.

(v) On 26 September 2013, the Company issued 827,275 ordinary shares at $ 0.055 each under Share Purchase Plan.

(vi) On 16 October 2013, the Company issued 159,688 ordinary shares at $ 0.0674 each under Director and Senior Management Fee & Remuneration Sacrifice Share Plan.

(vii) On 4 November 2013, the Company issued 589,400 ordinary shares at $ 0.055 each under Director and Senior Management Fee & Remuneration Sacrifice Share Plan.

(viii) On 3 December 2013, the Company issued 2,781,818 ordinary shares at $ 0.055 each as shortfall shares under the Share Purchase Plan.

(ix) On 23 December 2013, the Company issued 709,136 ordinary shares at $ 0.055 each as shortfall shares under the Share Purchase Plan.

(x) On 21 January 2014, the Company issued 200,000 ordinary shares at $ 0.055 each as shortfall shares under the Share Purchase Plan.

(xi) On 24 January 2014, the Company issued 3,635,445 ordinary shares at $ 0.055 each as a share placement.

(xii) On 10 February 2014, the Company issued 363,000 ordinary shares at $ 0.055 each as a share placement.

(xiii) On 27 March 2014, the Company issued 3,552,846 ordinary shares at deemed issue price of $0.05 each pursuant to the Piedrecillas Stock Purchas Option Agreement.

(xiv) On 31 March 2014, the Company issued further 1,000 ordinary shares at deemed issue price of $0.05 each pursuant to the Piedrecillas Stock Purchas Option Agreement.

(xv) On 8 April 2014, the Company issued 2,090,000 ordinary shares at $ 0.04 each as a share placement.

(xvi) On 30 April 2014, the Company issued 1,637,500 ordinary shares at $ 0.04 each as a share placement.

(xvii) On 21 May 2014, the Company issued 1,071,595 ordinary shares at $ 0.04 each as a share placement.

(xviii) On 19 June 2014, the Company issued 5,781,619 ordinary shares at $0.04 each under the Non-Renounceable Entitlement Offer.

(xix) As of 30 June 2014, the Company has received $86,050 for the shortfall to Non-Renounceable Entitlement Offer and the shares have not yet been issued.

(d) Capital Management

Management controls the capital of the consolidated entity in order to ensure that the consolidated entity can fund its operations and continue as a going concern. Management of capital for an exploration consolidated entity will assist in providing the shareholders with adequate returns. The consolidated entity's capital includes ordinary share capital. There are no externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

14. ISSUED CAPITAL (continued)

(d) Capital Management (continued)

The working capital position of the consolidated entity at 30 June 2014 and 30 June 2013 are as follows:

	2014	2013
	$	$
Cash and cash equivalents	334,193	885,184
Trade and other receivables	15,667	26,326
Held for trading financial assets	5,800	5,900
Trade and other payables	(538,167)	(145,253)
	(182,507)	772,157

15. RESERVES

	2014	2013
	$	$
Option reserve	457,094	407,090
Foreign currency translation reserve	(41,471)	(32,040)
	415,623	375,050

Option Reserve		
Balance at the beginning of the financial period	407,090	407,090
Transfer expired listed options to issued capital	-	-
Unlisted options issued	50,004	-
Balance at the end of the financial year	457,094	407,090

2014	**Number of securities**	**Exercise price**	**$**
Balance at beginning of year	5,650,000	-	407,090
Options expired	(1,800,000)	-	-
Options issued (i)	2,750,000	$0.0875	46,034
Options issued (ii)	4,515,534	$0.10	-
Options issued (iii)	33,333	$0.10	-
Options issued (iv)	500,000	$0.0875	3,970
Balance at the end of the financial year	11,648,867		457,094

The option reserve records funds received for options issued and items recognised as expenses on valuation of share options issued.

(i) On 30 August 2013, $0.0875 options exercisable on or before 2 September 2015 granted to directors.
(ii) On 15 November 2013, $0.0875 options exercisable on or before 2 September 2015 granted to directors.
(iii) On 10 September 2013, $0.10 options exercisable on or before 9 September 2015 granted to sophisticated investors.
(iv) On 11 September 2013, $0.10 options exercisable on or before 9 September 2015 granted to sophisticated investors.

Foreign exchange translation reserve	2014 $	2013 $
Balance at the beginning of the financial period	(32,040)	-
Revaluation of inter-company loans	(9,431)	(32,040)
Balance at the end of the financial year	(41,471)	(32,040)

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL INSTRUMENTS

a. Financial Risk Management Policies

The consolidated entity's financial instruments consist solely of deposits with banks. No financial derivatives are held.

(i) Financial Risk Exposures and Management

The main risk the consolidated entity is exposed to through its financial instruments is interest rate risk.

Interest rate risk

Interest rate risk is managed by obtaining the best commercial deposit interest rates available in the market by the major Australian Financial Institutions.

a. Financial Risk Management Policies (continued)

Credit risk

The maximum exposure to credit risk, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single receivable or Company of receivables under financial instruments entered into by the consolidated entity.

Liquidity Risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows. The consolidated entity does not have any significant liquidity risk as the consolidated entity does not have any collateral debts.

(ii) Fair Values

The fair values of financial assets and financial liabilities are presented below and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

(iii) Sensitivity Analysis

Interest Rate Risk

The consolidated entity has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2014, the effect on loss as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2014 $	2013 $
Change in loss		
- Increase in interest rate by 100 basis points	3,042	8,852
- Decrease in interest rate by 100 basis points	(3,042)	(8,852)
Change in equity		
- Increase in interest rate by 100 basis points	3,042	8,852
- Decrease in interest rate by 100 basis points	(3,042)	(8,852)

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL INSTRUMENTS (continued)

	Floating Interest Rate	Fixed Interest maturing in 1 year or less	Non-interest bearing	Total 2013
	$	$	$	$
2014				
Financial assets				
Cash and cash equivalents	304,246	-	29,947	334,193
Held for trading financial assets			5,800	5,800
Trade and other receivables			15,667	15,667
Total financial assets	304,246	-	51,413	355,659
Financial liabilities				
Trade and other payables (i)			257,737	257,737
Total financial liabilities	-	-	257,737	257,737

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurement. All financial instruments held are level 1.

Interest rate 2% per annum

(i) The trade and other payables are due within 12 months.

	Floating Interest Rate	Fixed Interest maturing in 1 year or less	Non-interest bearing	Total 2013
	$	$	$	$
2013				
Financial assets				
Cash and cash equivalents	284,984	600,000	200	885,184
Held for trading financial assets			5,900	5,900
Trade and other receivables			26,327	26,327
Total financial assets	284,984	600,000	32,427	917,411
Financial liabilities				
Trade and other payables			145,253	145,253
Total financial liabilities	-	-	145,253	145,253

17. LOSS PER SHARE

		2014	2013
		$	$
(a)	Loss used in the calculation of basic EPS	(2,547,464)	(1,705,667)
		Number of shares	*Number of shares*
(b)	Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share:	60,896,798	39,311,001

NOTES TO THE FINANCIAL STATEMENTS

18. CASH FLOW INFORMATION

	2014	2013
Reconciliation of cash flows from operating activities with loss after income tax	**$**	**$**
- Loss used after income tax	(2,637,349)	(1,786,855)
Non-cash flows in loss for the year		
- Interest accrual		-
- Depreciation	324	1,646
- Share option expense	50,004	-
- Share of associate company losses	-	391,018
- Fair value adjustment to investments	100	5,935
- Exploration write off	-	609,659
- Director fees sacrifice share plan	40,235	-
- Realised gain/(loss) on shares/options	-	50
- Decrease/(increase) in receivables & prepayments	1,861	2,224
- Decrease/(increase) in Exploration	322,023	(273,505)
- Increase/(decrease) in trade and other creditors, accruals and employee entitlements	400,284	56,039
Net cash outflows from Operating Activities	**(1,822,518)**	**(993,789)**

19. OPERATING SEGMENTS

(i) Segment performance

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

30 June 2014

	Exploration	Total
	$	**$**
Revenue		
Expenses	(1,399,905)	(1,399,905)
Total segment loss	**1,399,905**	**1,399,905**

Reconciliation of segment result to consolidated entity net loss

(i) Unallocated items

- Interest revenue	5,901
- Other income	-
- Option expense	(50,004)
- Impairment assets	-
- Share of losses from associated companies	-
- Fair value of investment adjustment	(100)
- Occupancy	(33,250)
- Professional	(185,485)
- Compliance & Regulatory	(136,279)
- Personnel	(694,499)
- Administration	(143,728)
Net loss from continuing operations	**(2,637,349)**

NOTES TO THE FINANCIAL STATEMENTS

19. OPERATING SEGMENTS

(i) Segment performance *(continued)*

30 June 2013

	Exploration	Total
	$	$
Revenue		
Expenses	(609,659)	(609,659)
Total segment loss	**609,659**	**609,659**
Reconciliation of segment result to consolidated entity net loss		
(i) Unallocated items		
- Interest revenue		54,648
- Other income		1,838
- Share of losses from associated companies		(391,018)
- Fair value of investment adjustment		(5,935)
- Occupancy		(28,274)
- Professional		(80,654)
- Compliance & Regulatory		(75,284)
- Personnel		(513,892)
- Administration		(138,625)
Net loss from continuing operations		**(1,786,855)**

(ii) Segment assets

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		11,798
Total company assets		**557,898**

30 June 2013	Exploration	Total
	$	$
Unallocated assets		
- Cash and cash equivalents		885,184
- Trade and other receivables		26,327
- Other		10,794
Total company assets		**922,305**

NOTES TO THE FINANCIAL STATEMENTS

19. OPERATING SEGMENTS

(iii) Segment liabilities

30 June 2014	**Exploration**	**Total**
	$	**$**
Unallocated liabilities		
- Trade and other payables		538,167
Total company liabilities		**538,167**

30 June 2013	**Exploration**	**Total**
	$	**$**
Unallocated liabilities		
- Trade and other payables		145,253
Total company liabilities		**145,253**

20. EVENTS SUBSEQUENT TO REPORTING DATE

On 18 July 2014, the Company issued 3,098,017 shares forming part of the shortfall to the non-renounceable pro-rata Entitlement Offer pursuant to the prospectus dated 5 May 2014, raising total funds of $123,920.

On 9 September 2014, the Company announced acquiring an option to purchase an exploration license in the Ravensthorpe mineral field in Western Australia. The licence contains a significant proportion of the Cocanarup Pegmatite Field which hosts lithium and rare metals.

On the 24 September 2014 the Company announced the terms of a strategic alliance with Focus Minerals Limited to explore for lithium and rare metals in the Coolgardie region of WA. Under the terms of the agreement, the Company will sole fund exploration until a decision is made to commit to a definitive feasibility study at which time a 80% Cobre Montana, 20% Focus Minerals joint venture will be formed.

No matters or circumstances have arisen since the end of the financial year which significantly affected or which may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

21. RELATED PARTY TRANSACTIONS

Eduardo Valenzuela, Chairman of CXB, has an interest in the Chilean company which presently holds an indirect interest of 20% of the Piedrecillas project. The option agreement is with individual shareholders of the project's holding company and as such CXB is dealing with those shareholders as individuals.

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated. Other that transactions disclosed in Note 21, for the financial year ended 30 June 2014 there were no such transactions.

22. KEY MANAGEMENT PERSONNEL COMPENSATION

a. **Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:**

Key Management Person	**Position**
Martin Pyle	Non-executive Chairman (resigned 3 October 2013)
Bryan Dixon	Non-executive Director
Philip Miolin	Non-executive Director (resigned 3 October 2013)
David Seymour	Non-executive Director (resigned 3 October 2013)
Adrian Griffin	Managing Director
Eduardo Valenzuela	Non-executive Chairman (appointed 19 August 2013)
Julie Hill	Company Secretary (resigned 26 July 2013)
Amanda Wilton-Heald	Company Secretary (appointed 26 July 2013, resigned 16 April 2014)
Elizabeth Hunt	Company Secretary (appointed 16 April 2014)

NOTES TO THE FINANCIAL STATEMENTS

22. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report. The totals of remuneration paid to Key Management Personnel of the consolidated entity during the year is as follows:

	2014 $	2013 $
Short-term benefits	235,797	408,610
Post-employment benefits	1,843	8,485
Share based payments	90,240	-
	327,880	**417,095**

23. EXPENDITURE COMMITMENTS

(i) Exploration expenditure obligations

There are no minimum exploration expenditure requirements in order to maintain the current rights of tenure to mining tenements in South Africa and Chile.

24. SHARE BASED PAYMENTS

There were share based payments to the directors of the consolidated entity for the year ended 30 June 2014. For details refer to the Remuneration Report section of the Directors Report.

There were no share based payments to the directors of the consolidated entity for the year ended 30 June 2013.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	Number	**Weighted average exercise price**
Options outstanding as at 30 June 2012	**5,650,000**	**$0.26**
Options outstanding as at 30 June 2013	**5,650,000**	**$0.26**
Granted	7,798,867	$0.09
Forfeited	-	-
Exercised	-	-
Expired	(1,800,000)	$0.29
Options outstanding as at 30 June 2014	**11,648,867**	**$0.15**
Options exercisable as at 30 June 2014	11,648,867	$0.15
Options exercisable as at 30 June 2013	5,650,000	$0.26

The weighted average remaining contractual life of options outstanding at year end was 1.02 years (2013: 1.26 years). The weighted average exercise price of outstanding options at reporting date was $0.15 (2013: $0.26).

NOTES TO THE FINANCIAL STATEMENTS

24. SHARE BASED PAYMENTS (continued)

Options granted to key management personnel under the company's Employee Incentive Scheme for the year ended 30 June 2014 were as follows:

- On 30 August 2013, 500,000 options granted to M Pyle with an exercise price of $0.875 and an expiry date of 2 September 2015. M Pyle was subsequently resigned on 3 October 2013.
- On 30 August 2013, 500,000 options granted to B Dixon with an exercise price of $0.875 and an expiry date of 2 September 2015.
- On 30 August 2013, 500,000 options granted to P Miolin with an exercise price of $0.875 and an expiry date of 2 September 2015. P Miolin was subsequently resigned on 3 October 2013.
- On 30 August 2013, 500,000 options granted to D Seymour with an exercise price of $0.875 and an expiry date of 2 September 2015. D Seymour was subsequently resigned on 3 October 2013.
- On 30 August 2013, 750,000 options granted to A Griffin with an exercise price of $0.875 and an expiry date of 2 September 2015.
- On 15 November 2013, 500,000 options granted to E Valenzuela with an exercise price of $0.0875 and an expiry date of 2 September 2015.

These options all vested upon the date of grant and they are all unlisted and don't hold voting or dividend rights.

The fair value of the options granted is determined by using the Black-Scholes option pricing model.

The following table lists the inputs to the models used for the period ended 30 June 2014:

Allottees	Fair Value at Grant Date	Estimated Volatility	Life of Option (yrs)	Exercise Price	Share Price	Risk Free Interest Rate
Martin Pyle [1]	$ 0.0167	54.04%	2.00	$ 0.0875	$ 0.07	2.53%
Bryan Dixon	$ 0.0167	54.04%	2.00	$ 0.0875	$ 0.07	2.53%
Philip Miolin [2]	$ 0.0167	54.04%	2.00	$ 0.0875	$ 0.07	2.53%
David Seymour [3]	$ 0.0167	54.04%	2.00	$ 0.0875	$ 0.07	2.53%
Adrian Griffin	$ 0.0167	54.04%	2.00	$ 0.0875	$ 0.07	2.53%
Eduardo Valenzuela [4]	$ 0.0079	54.04%	1.80	$ 0.0875	$ 0.05	2.75%

1 *Martin Pyle has resigned as director on 3 October 2013.*
2 *Phillip Miolin has resigned as director on 3 October 2013.*
3 *David Seymour has resigned as director on 3 October 2013.*
4 *Eduardo Valenzuela was appointed as Non-Executive Chairman 19 August 2013.*

The expected volatility is based on the historical volatility (based on remaining life of the options), adjusted for any expected changes to future volatility based on publicly available information.

25. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets outstanding at the end of the year.

There are no contingent liabilities outstanding at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

26. CONTROLLED ENTITY

Cobre Montana NL is the ultimate parent entity of the consolidated group.

The following was a controlled entity at the balance date and has been included in the consolidated financial statements. All shares held are ordinary shares.

Name	Country of Incorporation	Percentage Interest Held % 2014	Date Acquired/ Incorporated
Subsidiaries of Cobre Montana NL			
Capricorn Iron Limited (i)	Guernsey	100%	22 March 2013
Capricorn Iron (Pty) Ltd (Ii)	South Africa	70%	22 March 2013
Greater African Resources (iii)	Mauritius	100%	26 January 2012
Tyler Ray (Pty) Ltd (iv)	South Africa	74%	26 January 2012
Midwinter Chile SpA (v)	Chile	100%	25 September 2013

(i) In January 2013, the Company was granted official approval by the South African Department of Mineral Resources for the change of controlling interest in Capricorn Iron (Pty) Ltd. On the 22 March 2013, under the acquisition agreement, the Company is required to issue a further 5 million shares to increase its interest in Capricorn Iron Ltd to 100%, at a deemed value of $365,000. The transaction was treated as an acquisition of exploration assets and in line with accounting policy written off in current period.

(ii) Capricorn Iron (Pty) Ltd is a subsidiary of Capricorn Iron Ltd.

(iii) On 26 January 2012, the Company registered Greater African Resources, a company incorporated in Mauritius. Greater African Resources had no assets or liabilities at the date of acquisition and at 30 June 2014.

(iv) Greater African Resources owns 74% of issued ordinary shares of Tyler Ray (Pty) Ltd.

(v) Midwinter Chile SpA, a company incorporated in Chile to hold the 55% shares in Piedrecillas Company. Midwinter Chile SpA held 55% investment in Piedrecillas Company in asset and no liabilities at the date of incorporation and at 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

27. PARENT ENTITY DISCLOSURES

	Parent 2014	Parent 2013
Assets		
Current assets	311,033	806,595
Non current assets	202,527	6,713
Total Assets	**513,560**	**813,308**
Liabilities		
Current liabilities	523,576	123,293
Total Liabilities	**523,576**	**123,293**
Net Assets	**(10,016)**	**690,015**
Equity		
Issued Capital	8,567,086	6,727,630
Reserves	457,094	407,090
Accumulated losses	(9,034,196)	(6,444,705)
Total Equity	**(10,016)**	**690,015**

	Parent 2014	Parent 2013
Income/(Loss) for the period	(2,589,491)	(1,905,932)
Other comprehensive income	-	-
Total comprehensive income for the financial year	**(2,589,491)**	**(1,905,932)**

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cobre Montana NL, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 19 to 46, are in accordance with the Corporations Act 2001 and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

On behalf of the Directors

Adrian Griffin
Managing Director

Perth, 30 September 2014

Independent Auditor's Report

To the Members of Cobre Montana NL

Bentleys
THINKING AHEAD

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We have audited the accompanying financial report of Cobre Montana NL ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Opinion

In our opinion:

a. The 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 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter – Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a loss of $2,637,349. This condition, along with other matters as set forth in Note 1, 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 financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

Opinion

In our opinion, the Remuneration Report of Cobre Montana NL for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2014

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 25 September 2014 were as follows:

Number Held as at 25 September 2014	**Fully Paid Ordinary Shares**	**Partly Paid Ordinary Shares**
1-1,000	10	1
1,001 - 5,000	8	13
5,001 – 10,000	67	11
10,001 - 100,000	154	84
100,001 and over	150	82
TOTALS	**389**	**191**

Holders of less than a marketable parcel:
- fully paid ordinary shares 145

Substantial Shareholders

Substantial shareholders are set out below:

Shareholder	Number	
Mr Dennis Bell	4,504,048	5.329%

Restricted Securities

The Company has no restricted securities.

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

ASX Listing Rule 4.10.19

In accordance with Listing Rule 4.10.19, the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily mineral exploration.

ADDITIONAL SHAREHOLDER INFORMATION (CONTINUED)

Twenty Largest Shareholders

The names of the twenty largest fully paid ordinary shareholders as at 25 September 2014 are as follows:

Fully Paid Ordinary Shares		Number Held	% Held
1.	Mr Dennis Bell	4,504,048	5.329
2.	Wilgus Investments Pty Ltd	3,543,750	4.193
3.	Apollinax Inc	3,125,000	3.698
4.	Horn Resources Pty Ltd	2,956,250	3.498
5.	Alan Jenks	2,500,000	2.958
6.	Citicorp Nominees Pty Limited	2,360,693	2.793
7.	Mr Robert Peter Vanderlaan	2,300,000	2.721
8.	Mr Martin james Pyle <M Pyle Super Fund A/C>	1,687,107	1.996
9.	Mr Adrian Christopher Griffin	1,489,641	1.763
10.	Angel Rafael Galaz Vargas	1,314,924	1.556
11.	D W Sargeant Pty Ltd	1,312,500	1.553
12.	Davsms Investments Pty Ltd <D & A Koutsantonis S/F A/C>	1,286,363	1.522
13.	Fehu Capital Pty Ltd	1,250,000	1.479
14.	Fehu Capital Pty Ltd	1,250,000	1.479
15.	Buzz Monty Pty Ltd <Buss Monty Super Fund A/C>	1,250,000	1.479
16.	Avon Valley Exploration Pty Ltd	1,150,000	1.361
17.	Adrian Griffin	1,094,719	1.295
18.	Allaction Pty Ltd <Allaction Pty Ltd S/F A/C>	1,061,705	1.256
19.	Mr Patrick Bernard McManus & Mrs Vivienne Edwina McManus <McManus Super Fund A/C>	1,043,453	1.235
20.	Cavendish Corporation Pty Ltd	1,000,000	1.183
		37,480,153	**44.348**

The names of the twenty largest partly paid ordinary shareholders as at 25 September 2014 are as follows:

Partly Paid Ordinary Shares		Number Held	% Held
1.	Mr Dennis Bell	2,575,322	6.790
2.	Wilgus Investments Pty Ltd	1,771,875	4.672
3.	Apollinax Inc	1,562,500	4.120
4.	Horn Resources Pty Ltd	1,475,125	3.597
5.	Alan Jenks	1,250,000	3.296
6.	Citicorp Nominees Pty Limited	1,159,347	3.057
7.	Mr Robert Peter Vanderlaan	1,150,000	3.032
8.	Mr Martin james Pyle <M Pyle Super Fund A/C>	843,554	2.224
9.	Mr Adrian Christopher Griffin	744,821	1.964
10.	Mr Patrick Bernard McManus & Mrs Vivienne Edwina McManus <McManus Super Fund A/C>	707,352	1.865
11.	Angel Rafael Galaz Vargas	657,462	1.733
12.	D W Sargeant Pty Ltd	656,250	1.730
13.	Fehu Capital Pty Ltd	625,000	1.648
14.	Fehu Capital Pty Ltd	625,000	1.648
15.	Buzz Monty Pty Ltd <Buss Monty Super Fund A/C>	625,000	1.648
16.	Allaction Pty Ltd <Allaction Pty Ltd S/F A/C>	599,603	1.581
17.	Avon Valley Exploration Pty Ltd	575,000	1.516
18.	Adrian Griffin	547,360	1.443
19.	Steda Nominees Pty Ltd <Steda Super Fund A/C>	516,716	1.362
20.	Cavendish Corporation Pty Ltd	500,000	1.318
		19,170,287	**50.544**

ADDITIONAL SHAREHOLDER INFORMATION (CONTINUED)

Twenty Largest Shareholders

Unlisted Options

Details of unlisted option holders are as follows:

	Number Options
Options exercisable at $0.0875 on or before 2 September 2015	2,750,000
Holders of more than 20% of this class	3
Options exercisable at $0.10 on or before 9 September 2015	4,548,867
Holders of more than 20% of this class	Nil
Options exercisable at $0.25 on or before 29 November 2015	1,500,000
Holders of more than 20% of this class	1
Options exercisable at $0.0875 on or before 2 September 2015	500,000
Holders of more than 20% of this class	1
Options exercisable at $0.10 on or before 1 July 2016	3,000,000
Holders of more than 20% of this class	1

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 2nd Edition. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

The Board of Directors of Cobre Montana NL is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of Cobre Montana NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

For further information on corporate governance policies adopted by Cobre Montana NL, refer to our website: www.cobremontana.com.au.

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2014 financial year (Reporting Period).

Board

Roles and responsibilities of the Board and Senior Executives
(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair or the lead independent director, as appropriate.

The Company's Board Charter is available on the Company's website.

Skills, experience, expertise and period of office of each Director
(Recommendation: 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

CORPORATE GOVERNANCE *(CONTINUED)*

Director independence
(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board has a majority of Directors who are independent.

The independent Director of the Company is Bryan Dixon. Mr Dixon is independent as he is a non-executive director who is not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board considers the independence of directors having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds.

The Board has agreed on the following guidelines, as set out in the Company's Board Charter, for assessing the materiality of matters:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company's rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The non-independent directors of the Company are Adrian Griffin, who is Managing Director and Eduardo Valenzuela, who is a Non-Executive Technical Director and is deemed not to be independent.

The Chairman, Eduardo Valenzuela, is not considered to be independent due to his project agreement with the Company. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board and in his position as a Non-Executive Chairman.

Independent professional advice
(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re) appointment of Directors
(Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

CORPORATE GOVERNANCE *(CONTINUED)*

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting and re-appointment of directors is not automatic.

Board committees

Nomination Committee
(Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a nomination committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee.

Audit Committee
(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has not established a separate Audit Committee, and therefore it is not structured in accordance with Recommendation 4.2. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Audit Committee, held one meeting during the Reporting Period. To assist the Board to fulfil its function as the Audit Committee, the Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee.

All of the Directors consider themselves to be financially literate and possess relevant industry experience. Details of each of the director's qualifications are set out in the Directors' Report.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

CORPORATE GOVERNANCE *(CONTINUED)*

Remuneration Committee
(Recommendations: 8.1, 8.2, 8.3)

The Board has not established a separate Remuneration Committee. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report. The remuneration of non-executive directors is set by reference to payments made by other companies of similar size and industry, and by reference to the director's skills and experience. Given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to non-executive directors, subject to obtaining the relevant approvals. The Remuneration Policy is subject to annual review. All of the directors' option holdings are fully disclosed. Executive Pay and rewards consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness. Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Performance evaluation

Senior executives
(Recommendations: 1.2, 1.3)

The Managing Director is responsible for evaluating the performance of senior executives. The evaluation of senior executives is undertaken via an informal interview process which occurs annually or more frequently as required and otherwise takes place as part of the annual salary review under the senior executives' employment contract.

During the Reporting Period an evaluation of senior executives took place in accordance with the process disclosed above.

Board, its committees and individual directors
(Recommendations: 2.5, 2.6)

The Chair is responsible for evaluating the performance of the Board and, when appropriate, Board committees and individual directors deemed. The Board is responsible for evaluating the Managing Director. The evaluations of the Board, and any applicable Board committees and individual directors are undertaken via informal discussions on an ongoing basis with the Chair.

The evaluation of the Managing Director is undertaken via an informal interview process which occurs annually or more frequently, at the Board's discretion.

Ethical and responsible decision making

Code of Conduct
(Recommendations: 3.1, 3.3)

CORPORATE GOVERNANCE *(CONTINUED)*

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Diversity Policy
(Recommendations: 3.2, 3.3, 3.4 & 3.5)

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Company's Diversity Strategy details the Company's measurable objectives for achieving gender diversity in accordance with the Diversity Policy. In doing this, and assigning the responsibility for the Diversity Policy and its administration, monitoring and review, the Company has achieved its structural and procedural measurable objectives set for [2013/14]. The Diversity Strategy includes a number of concepts including contribution to enhance local workforce and provision of opportunities for career development. Initiation of programs and schemes to achieve these goals were achieved during the Reporting Period. The Board has also adopted a policy to address harassment and discrimination in the Company, which it believes will facilitate an environment that encourages a diverse workforce.

A summary of the Company's Diversity Policy is available on the Company's website.

The Company set the following objectives for the employment of women:

- to the Board – no target set
- to senior management – 50% by 2014
- to the organisation as a whole – 20% by 2014

As at the date of this report, the Company has the following proportion of women appointed:

- to the Board – 0%
- to senior management – 40%
- to the organisation as a whole – 30%

The Company recognises that the mining and exploration industry is intrinsically male dominated in many of the operational sectors and the pool of women with appropriate skills will be limited in some instances. Where possible, the Company will seek to identify suitable candidates for positions from a diverse pool.

Continuous Disclosure
(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Company's Policy on Continuous Disclosure is available on the Company's website.

Shareholder Communication
(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

A copy of the Company's Shareholder Communication Policy is available on the Company's website.

CORPORATE GOVERNANCE *(CONTINUED)*

Risk Management
Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director**,** who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

During the reporting period, management regularly reported to the Board on the following categories of risks affecting the Company as part of the Company's systems and processes for managing material business risks: operational, financial reporting, sovereignty and market-related risks.

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A summary of the Company's Risk Management Policy is available on the Company's website.

SCHEDULE OF MINERAL TENEMENTS

Country	Project	Tenement	Interest Held at 30 June 2014
South Africa	Northern Lights	LP 1481PR	70%
South Africa	Northern Lights	LP 2176PR	70%
South Africa	Northern Lights	LP 3069PR	70%
Chile	Piedrecillas	San Diego A	55%
Chile	Piedrecillas	San Diego C	55%
Chile	Piedrecillas	San Diego D	55%
Chile	Piedrecillas	San Diego E	55%
Chile	Piedrecillas	San Diego F	55%
Chile	Piedrecillas	San Diego H	55%
Chile	Piedrecillas	San Diego I	55%
Chile	Piedrecillas	San Diego 1	55%
Chile	Piedrecillas	San Diego 4	55%
Chile	Piedrecillas	San Diego 7	55%
Chile	Piedrecillas	San Diego 8	55%
Chile	Piedrecillas	Santa Catalina 1	55%
Chile	Piedrecillas	San Diego K	55%
Chile	Piedrecillas	San Diego L	55%
Chile	Piedrecillas	San Diego M	55%
Chile	Piedrecillas	San Diego N	55%
Chile	Piedrecillas	San Diego 0	55%
Chile	Piedrecillas	Manifestacione San Diego BB	55%

The above table outlines the tenements granted in the Company's Northern Lights project and Piedrecillas project.