



**Cohiba Minerals Limited**

**ABN 72 149 026 308**

**Annual Financial Report**

**30 June 2011**

## CORPORATE INFORMATION

**ABN 71 141 411 390**

<b>Directors</b>	James Robinson	<i>Managing Director</i>
	Matthew Sheldrick	<i>Non-Executive Chairman</i>
	Simon Coxhell	<i>Non-Executive Director</i>

**Company secretary** James Robinson

**Registered office** Suite 9, 1200 Hay Street  
West Perth WA 6005  
Telephone: (08) 6460 4960  
Fax: (08) 9324 3045

**Principal place of business** Suite 9, 1200 Hay Street  
West Perth WA 6005

**Share register** Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153

**Solicitors** Steinepreis Paganin  
Lawyers and Consultants  
Level 4, Next Building  
16 Milligan Street  
Perth WA 6000

**Bankers** National Australia Bank  
Level 1, 1238 Hay Street  
West Perth WA 6005

**Auditors** HLB Mann Judd  
Level 4, 130 Stirling Street  
Perth WA 6000

**Website** [www.cohibaminerals.com.au](http://www.cohibaminerals.com.au)

## DIRECTORS' REPORT

Your directors submit the annual financial report of Cohiba Minerals Limited for the financial period ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated. The Company was registered on 28 January 2011.

James Robinson	Managing Director (appointed 28 January 2011)
Matthew Sheldrick	Non-executive Chairman (appointed 28 January 2011)
Simon Coxhell	Non-executive Director (appointed 17 May 2011)
Mathew Walker	Non-executive Director (appointed 28 January 2011, resigned 17 May 2011)

### Names, qualifications, experience and special responsibilities

#### Mr James Robinson

##### Managing Director and Company Secretary

Age: 33

Qualifications: Bachelor of Economics from The University of Western Australia

Mr Robinson gained extensive capital markets experience during 10 years with one of Western Australia's leading corporate advisory and stockbroking firms. He currently serves as a Director of Bisan Limited (ASX: BSN), Blue River Mining Limited (a company incorporated in England & Wales) and Company Secretary of Tango Petroleum Limited (ASX: TNP). He is also a director of corporate advisory firm Cicero Corporate Services Pty Ltd. He is a member of the Australian Institute of Company Directors and holds a Bachelor of Economics from the University of Western Australia.

During the last three years, Mr Robinson has served as a director of the following listed companies:

- Bisan Limited (appointed 21 December 2011)
- Tango Petroleum Limited (resigned 1 November 2010)
- Pilbara Minerals Limited (resigned 30 June 2010)
- Aspire Mining Limited (resigned 12 February 2010)
- Mongolian Resource Corporation Limited (resigned 16 September 2010)
- Hastings Rare Metals Limited (resigned 7 October 2011)

#### Mr Matthew Sheldrick

##### Non-Executive Chairman

Age: 46

Qualifications: Bachelor of Commerce from the University of Western Australia, Chartered Accountant

Mr Sheldrick spent 10 years in the securities industry advising both domestic and international institutional clients on Australian equities. He has founded a number of listed companies in the energy and resources sectors, including Eureka Energy Limited (ASX: EKA), Gawler Resources Ltd (subsequently acquired by Elixir Petroleum Limited) and Black Fire Minerals Ltd (ASX: BFE) and has been involved in the growth of these companies by way of mergers and acquisitions. He is currently a non-executive director of WAG Limited (ASX: WAG) and Apex Minerals NL (ASX: AXM).

During the last three years Mr Sheldrick has served as a director of the following ASX listed companies:

- Black Fire Minerals Limited (resigned 22 November 2010)
- WAG Limited (appointed 22 February 2010)
- Apex Minerals Limited (appointed 16 May 2011)

## DIRECTORS' REPORT (continued)

### Names, qualifications, experience and special responsibilities (continued)

**Mr Simon Coxhell**

**Non-Executive Director**

**Age: 48**

**Qualifications: Bachelor of Science, Masters Qualifying: James Cook University of North Queensland**

Mr Coxhell is a geologist with 25 years of diverse experience encompassing all aspects of the resource sector including exploration, development and mining. He has specialist computer skills in mining and exploration as well as extensive operational experience in Australia and overseas where he has evaluated and assessed numerous projects including gold, copper, iron ore, diamonds, vanadium and rare earths.

During the last three years Mr Coxhell has served as a director of the following ASX listed companies:

- Crucible Gold Limited (Appointed 18 October 2011)
- Venus Metals Corporation Limited (resigned January 2009)

### Interests in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Group or a related body corporate were held by the directors as at the date of this report:

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
James Robinson <sup>1</sup>	2,500,000	2,000,000
Matthew Sheldrick <sup>2</sup>	1,000,000	250,000
Simon Coxhell <sup>3</sup>	-	-
Totals	3,500,000	2,250,000

<sup>1</sup> 2,000,000 Shares and 2,500,000 options held in the name of Sabreline Pty Ltd ATF The JPR Investment Trust (entities controlled by James Robinson).

<sup>2</sup> 250,000 Shares held in the name of Matthew Sheldrick ATF The Matthew Sheldrick Family Trust and 1,000,000 options held in the name of Bobarino Pty Ltd (entities controlled by Matthew Sheldrick).

<sup>3</sup> The Company has agreed, subject to Shareholder approval, to issue 1,000,000 options to Simon Coxhell on the same terms and conditions as the current issue.

No shares or options were granted to Directors or Officers during the period or since the end of the financial period as part of their remuneration.

There were no shares issued during the financial period as a result of the exercise of an option. There were no alterations to the terms and conditions of options granted since their grant date.

At the date of this report unissued ordinary shares of the Company under option are 6,500,000 Company Options exercisable at \$0.20 expiring on or before 30 June 2014.

### Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

### Principal Activities

The principal activity of the Company during the year was the exploration for natural resources. There have been no other significant changes in the nature of those activities during the period.

**DIRECTORS' REPORT (continued)****Review of Operations**

The Company was incorporated on 28 January 2011.

On 17 May 2011 Mathew Walker resigned as a director of the Company and Simon Coxhell was appointed.

On 19 May 2011 the Company entered in to a farm-in agreement whereby it has the exclusive right to earn an initial 50% interest in the mineral rights (excluding iron ore) within two granted tenements in the Mid West region of Western Australia – the Santy Well Project – from West Peak Iron Limited.

The Santy Well Project is considered to be prospective for precious and base metals mineralisation associated with the Talling Greenstone sequence in the Mid West region of Western Australia. The Mid West region is host to a wide range of mineralisation styles, with significant deposits including:

- Golden Grove – volcanic hosted massive sulphide style Zn–Cu–(Ag–Au–Pb) deposits
- Minjar – a series of shear and quartz vein style greenstone hosted Au deposits
- Gullewa – a series of Au and Au–Cu greenstone hosted deposits
- Karara – a large banded iron formation hosted magnetite deposit with a number of satellite haematite deposits
- Talling Peak – a banded iron formation hosted haematite deposit

Previous exploration over the Santy Well Project has been reasonably extensive and successful in defining a range of targets from surface exploration and geophysical surveys which have been subjected to limited follow up exploration.

Work completed included regional and prospect scale geophysical surveys (aeromagnetics, ground magnetics, GEOTEM) and regional to prospect scale surface sampling (rock chip sampling, soil sampling, auger drilling). The main target of this work was Archaean greenstone hosted base metal and gold mineralisation.

On 23 May 2011 the Company lodged a Prospectus with ASIC for an offer of up to 15,000,000 shares at an issue price of \$0.20 per share to raise up to \$3,000,000.

**COMPETENT PERSONS' STATEMENT**

*The information in this report that relates to exploration results is based on information compiled by Mr Simon Coxhell. Simon Coxhell is a Director of the Company and a member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this report and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Mr Coxhell consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.*

**FORWARD LOOKING AND EXPLORATION TARGET STATEMENTS**

*Some statements in this report regarding estimates or future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward looking statements include, but are not limited to, statements concerning the Group's exploration program, outlook, target sizes and mineralised material estimates. They include statements preceded by words such as "expected", "planned", "target", "scheduled", "intends", "potential", "prospective", "seek" and similar expressions.*

**DIRECTORS' REPORT (continued)****Significant Events Since the end of the period**

On 23 August 2011 the Company lodged a Supplementary Prospectus for the primary purpose of giving the Company a further 3 months after the date of the Supplementary Prospectus to obtain quotation of the Shares on ASX (i.e. by 23 November 2011) and a further 4 months after the date of this Supplementary Prospectus to raise the Minimum Subscription (i.e. by 23 December 2011).

On 23 November 2011 the Company lodged a Second Supplementary Prospectus for the primary purpose of giving the Company a further 3 months after the date of the Second Supplementary Prospectus to obtain quotation of the Shares on ASX (i.e. by 23 February 2012) and a further 4 months after the date of the Second Supplementary Prospectus to raise the Minimum Subscription (i.e. by 23 March 2012). The Prospectus closed on 16 January 2012.

On 27 January 2012, the Company issued 11,250,000 shares under the Prospectus at an issue price of \$0.20 to raise \$2,250,000.

On 1 February 2012 the Company began trading on the Official List of the ASX.

**Operating results for the year**

The comprehensive loss of the Company for the financial period, after providing for income tax amounted to \$33,407.

**Review of financial conditions**

At financial year end, the Company had \$26,828 in cash assets which together with funds raised post year end, the Directors believe puts the Company in a sound financial position with sufficient capital to effectively explore its tenements and pursue other resource based opportunities.

**Likely developments and expected results**

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

**Environmental legislation**

The Company is subject to significant environmental and monitoring requirements in respect of its natural resources exploration activities.

The directors are not aware of any significant breaches of these requirements during the period.

**Indemnification and insurance of Directors and Officers**

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**DIRECTORS' REPORT (continued)****Directors' Meetings**

The number of meetings of directors (including meetings of committees of directors) held during the period and the number of meetings attended by each director were as follows:

Directors	Directors Meetings	
	Eligible to attend	Attended
James Robinson	2	2
Matthew Sheldrick	2	2
Simon Coxhell	1	1

In addition, there were 3 circular resolutions signed by the board.

**Proceedings on behalf of the Group**

There are no proceedings on behalf of the Group.

**Auditor Independence and Non-Audit Services**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 7 and forms part of this directors' report for the period ended 30 June 2011.

**Non-Audit Services**

Details of amounts paid or payable to the auditors for non-audit services provided during the year by the auditor are outlined in Note 17 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the directors.



**Mr Matthew Sheldrick**

**Chairman**

Perth, Western Australia

Dated this 15<sup>th</sup> day of March 2012



Accountants | Business and Financial Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Cohiba Minerals Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

A handwritten signature in blue ink, appearing to read 'Norman G. Neill'.

Perth, Western Australia  
15 March 2012

**N G NEILL**  
Partner, HLB Mann Judd



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2011**

	Notes	2011 \$
Other income	2	832
Administration expenses		(28,030)
Other expenses	2	(6,209)
<b>Loss before income tax expense</b>		<b>(33,407)</b>
Income tax expense	3	-
<b>Loss after tax expense</b>		<b>(33,407)</b>
<b>Net loss for the period</b>		<b>(33,407)</b>
<b>Other comprehensive income</b>		<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(33,407)</b>
Basic loss per share (cents per share)	4	(1.46)

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

	<b>Note</b>	<b>2011 \$</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	7	26,828
Trade and other receivables	8	86,975
<b>Total Current Assets</b>		<u>113,803</u>
<b>Non-Current Assets</b>		
Deferred exploration expenditure	9	9,991
<b>Total Non-Current Assets</b>		<u>9,991</u>
<b>Total Assets</b>		<u>123,794</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	10	10,700
<b>Total Current Liabilities</b>		<u>10,700</u>
<b>Total Liabilities</b>		<u>10,700</u>
<b>Net Assets</b>		<u>113,094</u>
<b>Equity</b>		
Issued capital	6	140,001
Reserves	6	6,500
Accumulated losses		(33,407)
<b>Total Equity</b>		<u>113,094</u>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2011**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Option Reserves</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Loss for the year	-	(33,407)	-	(33,407)
Total comprehensive income/(loss) for the period	-	(33,407)	-	(33,407)
Shares issued during the year	140,001	-	-	140,001
Options issued during the year	-	-	6,500	6,500
<b>Balance at 30 June 2011</b>	<b>140,001</b>	<b>(33,407)</b>	<b>6,500</b>	<b>113,094</b>

The accompanying notes form part of these financial statements

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2011**

	Note	2011 \$ Inflows/(Outflows)
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees		(33,249)
Interest received		832
Net cash used in operating activities	7	(32,417)
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure		(9,991)
Net cash used in investing activities		(9,991)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares and options		146,501
Payment for share issue costs		(77,265)
Net cash provided by financing activities		69,236
Net increase in cash held		26,828
Cash and cash equivalents at the beginning of the period	7	-
<b>Cash and cash equivalents at the end of the period</b>		<b>26,828</b>

The accompanying notes form part of these financial statements

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is an unlisted public company, incorporated in Australia and operating in Australia. The entity's principal activity is exploration for natural resources.

#### **(b) Adoption of new and revised standards**

##### **Changes in accounting policies on initial application of Accounting Standards**

This is the first financial report of the Company and covers the period from registration of 28 January 2011 to 30 June 2011.

The Company has reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 30 June 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

#### **(c) Statement of compliance**

The financial report was authorised for issue on 15 March 2012.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### **(d) Critical accounting judgements and key sources of estimation uncertainty**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Share-based payment transactions:

The Company measures the cost of equity-settled transactions by reference to the fair value of the services provided. Where the services provided cannot be reliably estimated fair value is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### *Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

#### (f) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (g) Trade and other receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

#### (h) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2011****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(h) Income tax (continued)**

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(i) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2011****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(j) Impairment of assets**

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(k) Trade and other payables**

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

**(l) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(m) Share-based payment transactions**

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Cohiba Minerals Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

#### *Cash settled transactions:*

The Company also provides benefits to employees in its electronics segment in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Cohiba Minerals Limited.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

#### **(n) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **(o) Earnings per share**

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(p) Earnings per share (continued)**

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

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as 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.

#### **(q) Exploration and evaluation**

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

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

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

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

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

#### **(r) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Cohiba Minerals Limited.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2011****NOTE 2: REVENUES AND EXPENSES**

	<b>2011 \$</b>
<b>(a) Other income</b>	
Interest income	832
	<u>832</u>
<b>(b) Expenses</b>	
Administrative expenses	1,308
Computer and software expenses	3,362
Legal and professional	28,424
Travel and promotional expenses	1,145
	<u>34,239</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

### NOTE 3: INCOME TAX

#### Current tax expense

2011  
\$

#### (a) Income tax benefit

-

#### (b) Numerical reconciliation between tax-expense and pre-tax net loss

Loss from ordinary activities	(33,407)
Income tax using the Group's domestic tax rate of 30% (2010: 30%)	(10,022)
Temporary differences not recognised	
Current year losses for which no deferred tax asset was recognised	10,022
Income tax benefit attributable to entity	-

#### (c) Tax losses

The tax effect of unused losses of \$43,398 has not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Group satisfying the requirements imposed by the regulatory authorities. The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realized.
- The conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely affect of the Group in realising the benefit.

#### (d) Unrecognised temporary differences

Net deferred tax balances (calculated at 30%) have not been recognised in respect of the following items:

Income tax losses not brought to account	13,019
Deferred exploration expenditure	(2,997)
Unrecognised deferred tax assets relating to the above temporary differences	10,022

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

### NOTE 4: LOSS PER SHARE

	2011 Cents per share
<i>Basic loss per share</i>	
Continuing operations	(1.46)
	\$
Earnings	(33,407)
	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share:	2,282,192

There are no potential ordinary shares that are considered dilutive, as a result no dilutive earnings per share has been disclosed.

### NOTE 5: SEGMENT REPORTING

#### Identification of reportable segments

The Company has identified its operating segments based on the investment decisions of the board and used by executive management (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of its interests and projects. Discrete financial information about each of these projects is reported to the executive management team regularly.

#### Location of interests and nature of projects

Western Australia

Cohiba Minerals Limited has entered in to a farm-in agreement whereby it has the exclusive right to earn an initial 50% interest in the mineral rights (excluding iron ore) within two granted tenements in the Mid West region of Western Australia – the Santy Well Project – from West Peak Iron Limited.

The Santy Well Project is considered to be prospective for precious and base metals mineralisation associated with the Talling Greenstone sequence in the Mid West region of Western Australia.

#### Accounting policies and inter-segment transactions

The accounting policies used by the Company in reporting segments internally are the same as those contained in Note 1 to the accounts.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

### NOTE 5: SEGMENT REPORTING (continued)

Geographical segments

	Exploration Activities		
	Australia	Unallocated	Total
	\$	\$	\$
<b>30 June 2011</b>			
Segment revenue	-	832	832
Other expenses	-	(34,239)	(34,239)
Segment result	-	(33,407)	(33,407)
Unallocated revenues and expenses			33,407
Results from operating activities			-
Segment assets	9,991	113,803	123,794
Segment liabilities	-	(10,700)	(10,700)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

### NOTE 6: ISSUED CAPITAL

	2011 \$
<b>Ordinary shares</b>	
Balance on registration – 28 January 2011	1
Shares issued	140,000
Less share issue costs	-
At 30 June	<u>140,001</u>
 <i>Movements in ordinary shares on issue</i>	 No.
Balance on registration – 28 January 2011	1
Movements during the period:	
Shares issued	<u>6,999,999</u>
At 30 June	<u>7,000,000</u>

Ordinary shareholders entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

### **Company Options**

Balance on registration – 28 January 2011	-
Options issued	<u>6,500</u>
At 30 June	<u>6,500</u>
 <i>Movements in Company Options on issue</i>	 No.
Balance on registration – 28 January 2011	-
Movements during the period:	
Options issued	<u>6,500,000</u>
At 30 June	<u>6,500,000</u>

Company options carry no voting rights and carry no right to dividends. Company options are unlisted. 6,500,000 Company options are exercisable at \$0.20 on or before 30 June 2014.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2011**
**NOTE 7: CASH AND CASH EQUIVALENTS**

	<b>2011</b>
	<b>\$</b>
Cash at hand and in bank	26,828
	<hr/> 26,828 <hr/>

Cash at bank earns interest at floating rates based on daily deposit rates.

The Company did not engage in any non-cash financing activities for the period ended 30 June 2011 and was not party to any borrowing facilities for the same period.

**Reconciliation of loss for the year to net cash flows from operating activities**

Comprehensive (loss) for the period	(33,407)
Adjustments for:	
Changes in assets and liabilities:	
(Increase)/decrease in trade receivables and prepayments	(5,212)
Increase/(decrease) in trade payables and accruals	6,202
Net cash (used in) operating activities	<hr/> (32,417) <hr/>

**NOTE 8: TRADE AND OTHER RECEIVABLES**

Goods and services tax receivables	5,212
Prepayments	81,763
Trade and other receivables balance at 30 June	<hr/> 86,975 <hr/>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

### NOTE 9: DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of:	<b>2011</b>
	<b>\$</b>
<b>Exploration and evaluation phase – at cost</b>	
Balance at the beginning of period	-
Expenditure incurred	
Santy Well	9,991
Total Exploration Expenditure balance at 30 June	<u>9,991</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the discovery of commercially viable mineral or other natural resource deposits and their successful development and commercial exploration or sale of the respective mining areas.

### NOTE 10: TRADE AND OTHER PAYABLES (CURRENT)

Trade payables*	7,046
Accrued expenses	3,654
Balance at 30 June	<u>10,700</u>

\* Trade payables are non-interest bearing and are normally settled on 60-day terms

### NOTE 11: FINANCIAL INSTRUMENTS

#### Financial assets

Receivables	86,975
Cash and cash equivalents	26,828
Balance at end of period	<u>113,803</u>

#### Financial liabilities

Trade and other payables	10,700
Balance at end of period	<u>10,700</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

### NOTE 11: FINANCIAL INSTRUMENTS (continued)

The following table details the expected maturity/s for the Company's non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month \$	1 – 3 Months \$	3 months – 1 year \$	1 – 5 year s \$	5+ years \$
<b>2011</b>						
Non-interest bearing	-	86,975	-	-	-	-
Variable interest rate instruments	-	26,828	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		<u>113,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The following tables detail the Company's remaining contractual maturity/s for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month \$	1 – 3 Months \$	3 months – 1 year \$	1 – 5 year s \$	5+ years \$
<b>2011</b>						
Non-interest bearing	-	10,700	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		<u>10,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

#### *Financial risk management objectives and policies:*

The Company has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Market risk
- Capital risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, it has been the Company's policy not to trade in financial instruments.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011**

### **NOTE 11: FINANCIAL INSTRUMENTS (continued)**

#### **(a) Credit risk management**

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. An example is that the Company only dealt with the NAB for Term Deposits during the year. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers and suppliers.

The Company's exposure and the credit ratings of its counter-parties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually.

The Company does not have any significant credit risk exposure to the NAB. The credit risk on liquid funds and Term Deposits is reduced because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

#### **(b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company did not have any undrawn facilities at its disposal as at balance date.

#### **(c) Interest rate risk management**

The Company is exposed to interest rate risk as the Company deposits the bulk of the Company's cash reserves in Short Term Deposits with the NAB or other acceptable Australian Banking entities. The risk is managed by the Company by maintaining an appropriate mix between short term deposits and at call deposits. The Company's exposure to interest rate on financial assets is detailed in the interest rate risk sensitivity analysis section of this note.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

### NOTE 11: FINANCIAL INSTRUMENTS (continued)

#### *Interest rate risk sensitivity analysis*

The sensitivity analyses below have been determined based on the Company's cash and cash equivalent exposure to interest rates. A 100 basis point increase or decrease is used when reporting interest rate risk. The Company's sensitivity to interest rates may decrease during the current period depending on the use of the cash reserves of the Company.

The effect on loss and equity as a result of change in the interest rate, with all other variable remaining constant would be as follows:

	2011 \$
Change in Loss	
Increase in interest rate by 1%	112
Decrease in interest rate by 1%	(112)
Change in Equity	
Increase in interest rate by 1%	112
Decrease in interest rate by 1%	(112)

#### (a) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to movements in market interest rates on short term deposits. The Company does not have short or long term debt, and therefore the risk is minimal. The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings.

The Company may be exposed to currency risk on international investments and purchases that are denominated in a currency other than the respective currencies of the Company. As the Company has no international projects it is not currently exposed to currency risk, however may be exposed to currency risk if it acquires an international project. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

#### (b) Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Company's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Company funding being equity raisings. Accordingly, the objective of the Company's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

### NOTE 12: COMMITMENTS AND CONTINGENCIES

#### *Officers Remuneration Commitments*

The Company has agreed to remuneration arrangements with all the non-executive directors which take effect from ASX listing, for all services rendered from this date forward. The non-executive director salaries have been set at \$30,000 plus statutory superannuation for Matthew Sheldrick and \$50,000 plus statutory superannuation for Simon Coxhell. Remuneration of non-executive directors is reviewed annually.

The Company entered into an executive services agreement with James Robinson (Executive Services Agreement) effective as from ASX listing. Under the Executive Services Agreement, Mr Robinson is engaged to provide services to the Company in the capacity of Executive Director, based in Perth, Western Australia. Mr Robinson is to be paid an annual remuneration of \$100,000 plus statutory superannuation. Mr Robinson will also be reimbursed for reasonable expenses incurred in carrying out his duties.

The Executive Services Agreement continues for a period of 2 years, with an option to extend for a further 1 year term, unless terminated in accordance with the relevant provisions of the Executive Services Agreement. The Executive Services Agreement contains standard termination provisions under which the Group can terminate the agreement as a result of misconduct or alternatively the agreement can be terminated with 6 months notice for no reason. In addition, Mr Robinson is entitled to all unpaid remuneration and entitlements up to the date of termination.

#### *Administration Agreement*

The Company has entered into an agreement with Cicero Corporate Services Pty Ltd (Cicero) defining the terms of engagement for the provision of administration services by Cicero as a contractor to the Company. Cicero will provide the head office, company secretarial services, book keeping, accounting services and general administration services to the Company for a monthly fee of \$12,000 plus GST. Cicero may be requested to make available additional services at an hourly rate of \$75 plus GST. The agreement can be terminated by 3 months notice by either party.

#### *Project Related Commitments and Contingencies*

	Consolidated	
	2011	2010
	\$	\$
<b>Commitments for exploration expenditure on Western Australian Projects</b>		
Not longer than 1 year	100,000	-
Longer than 1 year and less than 2 years	-	-
Longer than 2 year and less than 5 years	-	-

#### *Tenement Related Commitments and Contingencies*

##### *Western Australia*

On 19 May 2011 the Company entered in to a farm-in agreement whereby it has the exclusive right to earn an initial 50% interest in the mineral rights (excluding iron ore) within two granted tenements (E59/1677 and E59/1678) in the Mid West region of Western Australia – the Santy Well Project – from West Peak Iron Limited through the sole funding of \$100,000 of exploration expenditure.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

### NOTE 13: DIRECTORS AND EXECUTIVES DISCLOSURES

#### (a) Details of Directors' and Executives

The following persons were directors and executives of Cohiba Minerals Limited during the financial year:

- James Robinson                      Managing Director and Company Secretary
- Matthew Sheldrick                  Non-Executive Chairman
- Simon Coxhell                        Non-Executive Director (appointed 17 May 2011)
- Mathew Walker                        Non-Executive Director (resigned 17 May 2011)

#### (b) Option holdings of Directors and Executives

30 June 2011	Balance at Beginning	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of Period
<b>Directors</b>					
James Robinson	-	-	-	2,500,000	2,500,000
Matthew Sheldrick	-	-	-	1,000,000	1,000,000
Simon Coxhell	-	-	-	-	-
Mathew Walker	-	-	-	2,500,000	2,500,00
<b>Total</b>	-	-	-	6,000,000	6,000,000

#### (c) Shareholdings of Directors and Executives

30 June 2011	Balance at Beginning	Received as Remuneration	On Exercise of Options	Net Change Other	Balance at end of Period
<b>Directors</b>					
James Robinson	-	-	-	2,000,000	2,000,000
Matthew Sheldrick	-	-	-	250,000	250,000
Simon Coxhell	-	-	-	-	-
Mathew Walker	-	-	-	1,750,000	1,750,000
<b>Total</b>	-	-	-	4,000,000	4,000,000

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2011****NOTE 14: EVENTS AFTER THE BALANCE DATE**

On 23 August 2011 the Company lodged a Supplementary Prospectus for the primary purpose of giving the Company a further 3 months after the date of the Supplementary Prospectus to obtain quotation of the Shares on ASX (i.e. by 23 November 2011) and a further 4 months after the date of this Supplementary Prospectus to raise the Minimum Subscription (i.e. by 23 December 2011).

On 23 November 2011 the Company lodged a Second Supplementary Prospectus for the primary purpose of giving the Company a further 3 months after the date of the Second Supplementary Prospectus to obtain quotation of the Shares on ASX (i.e. by 23 February 2012) and a further 4 months after the date of the Second Supplementary Prospectus to raise the Minimum Subscription (i.e. by 23 March 2012). The Prospectus closed on 16 January 2012.

On 27 January 2012, the Company issued 11,250,000 shares under the Prospectus at an issue price of \$0.20 to raise \$2,250,000.

On 1 February 2012 the Company began trading on the Official List of the ASX.

**NOTE 15: RELATED PARTY DISCLOSURES**

The Company has entered into an agreement with Cicero Corporate Services Pty Ltd (Cicero) defining the terms of engagement for the provision of administration services by Cicero as a contractor to the Company. Cicero will provide the head office, company secretarial services, book keeping, accounting services and general administration services to the Company for a monthly fee of \$12,000 plus GST. Cicero may be requested to make available additional services at an hourly rate of \$75 plus GST. The agreement can be terminated by 3 months notice by either party. Mr Robinson holds a 20% interest and Mr Walker a 40% interest in Cicero. The Company had a balance payable of \$268 in relation to Cicero at year end.

**NOTE 16: DIVIDENDS**

The directors of the Company have not declared any dividend for the period ended 30 June 2011.

**NOTE 17: AUDITOR'S REMUNERATION**

The auditor of Cohiba Minerals Limited is HLB Mann Judd.

	<b>2011</b>
	<b>\$</b>
Amounts received or due and receivable by HLB Mann Judd for:	
An Independent Accountants Report prepared for the Company's Prospectus	5,000
Total	<u>5,000</u>

**NOTE 18: AMOUNTS OWING TO DIRECTORS AND OFFICERS**

No amounts were owing to the Directors or officers at the end of the financial year.



## DIRECTORS' DECLARATION

1. In the opinion of the directors of Cohiba Minerals ('the Company'):
  - a. the financial statements and notes of the company are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the period then ended; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. The financial statements and note thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ended 30 June 2011.

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

A handwritten signature in black ink, reading "Matthew Sheldrick".

**Mr Matthew Sheldrick**

**Chairman**

Perth, Western Australia

Dated this 15<sup>th</sup> day of March 2012





Accountants | Business and Financial Advisers

## INDEPENDENT AUDITOR'S REPORT

To the members of Cohiba Minerals Limited

We have audited the accompanying financial report of Cohiba Minerals Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the 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 for Cohiba Minerals Limited.

### ***Directors' Responsibility for the Financial Report***

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

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report of Cohiba Minerals Limited complies 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. Those 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 judgement, 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 company'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 company'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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



Accountants | Business and Financial Advisers

### **Matters relating to the electronic presentation of the audited financial report**

This auditor's report relates to the financial report of Cohiba Minerals Limited for the financial year ended 30 June 2011 included on Cohiba Minerals Limited's website. The company's directors are responsible for the integrity of the Cohiba Minerals Limited website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

### ***Independence***

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

### ***Auditor's Opinion***

In our opinion:

- (a) the financial report of Cohiba Minerals Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

**HLB MANN JUDD**  
**Chartered Accountants**

A handwritten signature in blue ink that reads 'Norman Neill'.

**N G NEILL**  
**Partner**

**Perth, Western Australia**  
**15 March 2012**