



16 November 2016

**Attention: Sebastian Bednarczyk**

ASX Limited  
Level 40 Central Park  
152-158 St George's Terrace  
PERTH WA 6000

Dear Sebastian

**RESPONSE TO APPENDIX 5B QUERY**

Cougar Metals NL (ASX Code: CGM) ("**Cougar**") provides the following responses in relation to the questions raised in your letter of 14 November 2016 with respect to Cougar's Appendix 5B quarterly report for the period ended 30 September 2016:

1. In addition to being an exploration company, Cougar operates a drilling business in Brazil. The cash outflows referred to in the Appendix 5B predominantly relate to the operation of the drilling business. Cougar expects to receive cash inflows from the operation of its drilling business in Brazil sufficient to cover the cash outflows for the next quarter of the Group of A\$560,000.
2. Cougar is reliant on capital raising activities to fund the recent acquisition of exploration projects in lithium (refer ASX announcement of 3 August 2016) and graphite (refer ASX announcement of 16 November 2016) and to undertake exploration programs thereon. If it is unable to raise the necessary capital it will not be able to complete the acquisitions and agreed initial exploration programs on the terms agreed.
3. Cougar expects to be able to continue its operations and to meet its business objectives based upon the operation of the drilling business and the short-term support of its major shareholder and Managing Director Randal Swick. This support does not extend to funding the acquisition of the lithium and graphite projects referred to above.

4. Cougar has commenced discussions with brokers in relation to a capital raising and expects to ramp up those discussions following it securing the right to acquire a Madagascar graphite project (refer ASX announcement of 16 November 2016).
5. Cougar confirms that it is in compliance with ASX Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX that has not already been released to the market.
6. The above responses are authorised by the Board of Directors of Cougar.

Should you require any further information please do not hesitate to contact the undersigned.

Yours sincerely  
COUGAR METALS NL

A handwritten signature in black ink, appearing to read "Michael Fry". The signature is written in a cursive, flowing style.

**MICHAEL FRY**  
DIRECTOR & COMPANY SECRETARY



14 November 2016

Mr Michael Fry  
Cougar Metals NL  
Leve 1, 35 Havelock Street  
WEST PERTH WA 6005

Dear Mr Fry

**Cougar Metals NL (“Company”): Appendix 5B Query**

I refer to the Company’s Appendix 5B quarterly report for the period ended 30 September 2016 released on the ASX Market Announcements Platform on 27 October 2016 (the “Appendix 5B”).

ASX notes that the Company has reported:

- negative net operating cash flows for the quarter of \$182,000;
- cash at the end of the quarter of \$61,000; and
- estimated cash outflows for the next quarter of \$560,000.

It is possible to conclude, based on the information in the Appendix 5B that if the Company were to continue to expend cash at the rate indicated by the Appendix 5B, the Company may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Company to respond separately to each of the following questions and requests for information:

1. Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Company taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that the Company considers may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

6. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 5.00pm WST on Wednesday, 16 November 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be **sent to me by e-mail at [tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au)**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Company's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

#### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.



We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[sent electronically without signature]*

Sebastian Bednarczyk  
Senior Adviser, ASX Listings Compliance (Perth)