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**COUGAR METALS NL**

**ABN 27 100 684 053**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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**TIME:** 9.30am (WST)

**DATE:** Thursday, 23 August 2018

**PLACE:** 88 Thomas Street, West Perth, Western Australia

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting, please do not hesitate to contact the Company Secretary on (+61 8) 9482 0580.*

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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Notice is given that the Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9.30am (WST) on Thursday, 23 August 2018 at 88 Thomas Street, West Perth, Western Australia.

### YOUR VOTE IS IMPORTANT

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The business of the Meeting affects your shareholding and your vote is important.

### VOTING ELIGIBILITY

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The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (WST) on Tuesday, 21 August 2018.

Holders of options issued by the Company who are not Shareholders but who wish to vote as Shareholders at the Meeting are required to lodge valid exercise notices with the Company for their options in sufficient time to allow the Shares to be issued by the Company before the date referred to above.

### VOTING IN PERSON

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To vote in person, attend the Meeting on the date and at the place set out above.

### VOTING BY PROXY

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To vote by proxy, please complete and sign the enclosed Proxy Form and return to the Company by:

- (a) **hand** to Ground Floor, 16 Ord Street, West Perth WA 6005;
- (b) **post** to PO Box 902, West Perth, WA 6872; or
- (c) **facsimile** on (+61 8) 9482 0505,

so that it is received not less than 48 hours prior to commencement of the Meeting.

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**Proxy Forms received later than this time will be invalid.**

It is proposed that the Chairman of the Meeting be Randal Swick. It is the Chairman's intention as Chairman of the Meeting to vote undirected proxies (i.e. open proxies) which he holds as proxy in favour of all Resolutions.

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## **CORPORATE REPRESENTATIVE**

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Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with section 250D of the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. An appointment of corporate representative form can be obtained from the Company's share registry.

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## **BUSINESS OF THE MEETING**

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The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and the Explanatory Statement are defined in the Glossary.

## **BUSINESS**

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### **1. RESOLUTION 1 – RATIFICATION OF PREVIOUS ISSUE OF SECURITIES**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of:*

*(a) 15,000,000 Shares;*

*(b) 40,000,000 Options; and*

*(c) 1 convertible note (convertible into a maximum of 72,000,000 Shares),*

*for the purposes and on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue, or any of their associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### **2. RESOLUTION 2 – ISSUE OF CONVERTIBLE NOTE AND SHARES**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of:*

*(a) 1 convertible note (convertible into a maximum of 120,000,000 Shares); and*

*(b) up to 470,000,000 Shares,*

*for the purposes and on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a shareholder of ordinary securities in the Company), or any of their associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **OTHER BUSINESS**

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To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act.

**DATED: 23 JULY 2018**

**BY ORDER OF THE BOARD**

**BRETT TUCKER  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the Business of the Meeting.

The Explanatory Statement should be read in conjunction with the Notice of Meeting.

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy will not preclude a Shareholder from attending and voting at the Meeting in person.

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## BACKGROUND TO RESOLUTIONS

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The Resolutions relate to transactions under the funding agreement (**Funding Agreement**) entered into with The Australian Special Opportunity Fund, LP (**Lind**), as announced to ASX on 6 June 2018 (**Announcement**).

Please refer to the Announcement for information about the Funding Agreement, each transaction contemplated by it and a summary of the key terms of the Funding Agreement as they relate to the issue of convertible notes and Shares to Lind (or its nominee).

The term of the Funding Agreement is 24 months commencing on and from 7 June 2018 (**Term**). The Term may be extended by up to 6 months if the Company elects to pause its obligations under the Funding Agreement (which it may do in certain circumstances up to twice during the Term).

The Funds Received under the Funding Agreement will be applied towards exploration of the Company's Ceara Lithium project in Brazil, the Plateado Cobalt project in Chile, the Pyke Hill nickel cobalt project, legal expenses in relation to ongoing arbitration matters, repayment of specific debt, general working capital and for the acquisition of any prospective projects identified in the future.

To date, the Company has received a total of \$265,000 from Lind (after payment of a \$35,000 commitment fee) under the Funding Agreement and has issued the following securities using the Company's placement capacity under Listing Rule 7.1:

- (a) 15,000,000 Shares to Citicorp Nominees Pty Ltd as nominee for Lind (which will be treated as collateral shares under the Funding Agreement and the value of those Shares (calculated based on a formula set out in the Funding Agreement) will be credited towards the Company's repayment obligations at the end of the Term as described further below);
- (b) 40,000,000 Options to Lind (each with an expiry date of 7 June 2021 and an exercise price of \$0.01); and
- (c) 1 convertible note to Lind (with a face value of \$360,000, convertible into a maximum of 72,000,000 Shares) (**First Convertible Security**).

The 15,000,000 collateral Shares may be applied to satisfy Cougar's repayment obligations in relation to the last two Prepayment Tranches (defined below) under the Funding

Agreement to the extent that the collateral shareholding number (which is 15,000,000) is greater than zero at that point in time – as Lind may reduce that number by notifying Cougar that the Shares that would need to be issued to satisfy a Prepayment Tranche will instead be constituted in whole or in part as a reduction of the collateral shareholding number. The value of the remaining collateral Shares held by Lind at the end of the term (as calculated under the funding agreement) is to be paid to Cougar in cash.

The above issue of securities is the subject of Resolution 1.

Subject to shareholder approval, the Company will:

- (a) issue another convertible note (with a face value of \$600,000) (**Second Convertible Security**) to Lind and will, in return, receive a further \$500,000 in funds from Lind in consideration for the issue of the Second Convertible Security; and
- (b) receive from Lind an initial prepayment for Shares of \$50,000 followed by 23 further monthly prepayments in consideration for the Company issuing Shares to Lind (or its nominee) on the 28<sup>th</sup> calendar day following the date of the prepayment at a purchase price to be calculated under the Funding Agreement, provided that such purchase price is not less than the 'floor price' of \$0.005 per Share (**Prepayment Tranches**).

If the purchase price in relation to a prepayment will breach the floor price: (1) the Company may elect to settle the prepayment in cash by repaying 105% of the prepayment amount in lieu of issuing Shares; and/or (2) the Company may terminate the Funding Agreement at its discretion at no further cost to the Company provided the Company has satisfied its obligations in relation to such prepayment. Lind may also elect to receive the relevant Shares at the floor price in lieu of having such prepayment settled in cash.

In relation to the Prepayment Tranches (of which there are 24 in total under the Funding Agreement that must not exceed a maximum total amount of \$2.35 million), the base amount for each monthly prepayment by Lind is \$50,000. However, the Company may elect to lower this amount to at least \$25,000 for a particular tranche at its discretion, or by mutual agreement of Lind and the Company, increase the amount of a tranche to an amount greater than \$50,000 up to \$250,000. This means that for each tranche of \$50,000, a maximum of 10,000,000 Shares may be issued to Lind (or its nominee), and this amount will vary depending on how much is mutually advanced for the relevant month (from 5,000,000 Shares for a \$25,000 advance up to 50,000,000 Shares for a \$250,000 advance. As the maximum total prepayment that may be advanced to Cougar by Lind is limited to \$2.35 million, the maximum number of Shares that may be issued to Lind (or its nominee) in relation to those Prepayment Tranches is 470,000,000 in aggregate (on the basis that Lind advances more than \$50,000 to Cougar in some of the Prepayment Tranches with Cougar's agreement).

Accordingly, subject to shareholder approval, the Company proposes to issue to Lind (or its nominee):

- (a) the Second Convertible Security, which is convertible into a maximum of 120,000,000 Shares; and
- (b) a maximum of 470,000,000 Shares in respect of the Prepayment Tranches.

The proposed issue of securities as set out above is the subject of Resolution 2.

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## 1. RESOLUTION 1

Please refer to the 'Background to Resolutions' above.

Listing Rule 7.1 restricts the number of Equity Securities a company may issue (or agree to issue) in any 12 month period without shareholder approval to 15% of the number of ordinary securities on issue at the commencement of that 12 month period (subject to specified exceptions).

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Under this Resolution, the Company seeks from Shareholders approval for, and ratification of, prior issues of securities so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

Listing Rule 7.5 requires the following specific information to be provided to Shareholders in relation to this Resolution:

In relation to the 15,000,000 Shares issued to Citicorp Nominees Pty Ltd (as nominee for Lind):

- (a) 15,000,000 Shares were issued in total.
- (b) The Shares were issued at a nil issue price as collateral shares under the Funding Agreement. The closing price of Shares on the date of issue was \$0.005.
- (c) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares. The Shares will be treated as collateral shares under the Funding Agreement and the value of those Shares (as calculated based on a formula set out in the Funding Agreement) will be credited towards the Company's repayment obligations at the end of the Term in accordance with the Funding Agreement.
- (d) The Shares were issued to Citicorp Nominees Pty Limited (as nominee for Lind).
- (e) The Company did not raise any funds through the issue of the Shares specifically, however, the issue of the Shares formed part of the transactions contemplated by the Funding Agreement.

In relation to the 40,000,000 Options issued to Lind:

- (a) 40,000,000 Options were issued in total.
- (b) The Options were issued at a nil issue price.
- (c) The Options have an exercise price of \$0.01 per Share and an expiry date of 7 June 2021. The remaining terms of the Options are set out in Annexure 1.
- (d) The Options were issued to Lind.
- (e) The Company did not raise any funds through the issue of the Options. However, the issue of the Options formed part of the transactions contemplated by the Funding Agreement. As at the date of this Notice of Meeting, if all of the Options are exercised, the Company will receive \$400,000 and the use of those funds will be determined by the Board if the Options are exercised.

In relation to the First Convertible Security issued to Lind:

- (a) 1 convertible note was issued to Lind (convertible into a maximum of 72,000,000 Shares).
- (b) The First Convertible Security has a face value of \$360,000.
- (c) The key terms of the First Convertible Security are set out above and in the Announcement. Additional terms are set out in Annexure 2.
- (d) The First Convertible Security was issued to Lind. The Shares to be issued on conversion of the First Convertible Security may be issued to Lind or its nominee.
- (e) The Company raised \$265,000 through the issue of the First Convertible Security (after payment of a \$35,000 commitment fee). The funds raised will be applied towards the matters set out in 'Background To Resolutions' above.

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting.

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## **2. RESOLUTION 2**

Please refer to the 'Background to Resolutions' above.

Listing Rule 7.1 restricts the number of Equity Securities a company may issue (or agree to issue) in any 12 month period without shareholder approval to 15% of the number of ordinary securities on issue at the commencement of that 12 month period (subject to specified exceptions).

Under this Resolution, the Company seeks from Shareholders approval for the issue of:

- (a) the Second Convertible Security, which is convertible into a maximum of 120,000,000 Shares; and
- (b) a maximum of 470,000,000 Shares in respect of the Prepayment Tranches.

Listing Rule 7.3 requires the following specific information to be provided to Shareholders in relation to this Resolution:

In relation to the Second Convertible Security:

- (a) 1 convertible note will be issued (convertible into a maximum of 120,000,000 Shares).
- (b) The Second Convertible Security will be issued once Lind advances the Company an amount of \$500,000, which will occur within 5 Business Days of Shareholder approval being obtained.
- (c) The Second Convertible Security will have a face value of \$600,000.
- (d) The key terms of the Second Convertible Security are set out above and in the Announcement. Additional terms are set out in Annexure 2.
- (e) The Second Convertible Security will be issued to Lind. The Shares to be issued on conversion of the Second Convertible Security may be issued to Lind or its nominee.



- (f) The Company will raise \$500,000 through the issue of the Second Convertible Security. The funds raised will be applied towards the matters set out in 'Background To Resolutions' above.

In relation to the Shares to be issued over the Prepayment Tranches:

- (a) A maximum of 470,000,000 Shares may be issued.
- (b) The Shares will be issued within 36 months of the date of the Meeting. ASX granted the Company a waiver of Listing Rule 7.3.2 on 16 July 2018 to extend the period beyond the usual 3 months, to accommodate the terms of the Funding Agreement. The terms of the waiver are set out in Annexure 3.
- (c) The issue price per Share will be determined under the Funding Agreement. However, the issue price per share will be at least \$0.005 per Share.
- (d) The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares.
- (e) The Shares will be issued to Lind (or its nominee).
- (f) The Company will raise between \$25,000 and \$250,000 per month under the Prepayment Tranches up to a maximum total amount of \$2.35 million over the Term. The funds raised will be applied towards the matters set out in 'Background To Resolutions' above.

Further key terms and conditions relating to the issue of Shares under the Prepayment Tranches are set out in Annexure 4.

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

A voting exclusion applies to Resolution 2 in the terms set out in the Notice of Meeting.

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### **3. ENQUIRIES**

Shareholders may contact Mr Brett Tucker (Company Secretary) on (+ 61 8) 9482 0580 if they have any queries in respect of the matters set out in this document.

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## GLOSSARY

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**\$** means Australian dollars.

**ASX** means ASX Limited (ABN 98 008 624 691), or the securities exchange operated by it, as the context requires.

**Board** means the board of directors of the Company as constituted from time to time.

**Business Day** has the meaning given to the term “business day” in the Listing Rules.

**Company** means Cougar Metals NL (ABN 27 100 684 053).

**Corporations Act** means the *Corporations Act* 2001 (Cth).

**Directors** means the directors of the Company from time to time.

**Equity Securities** has the meaning given in the Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**Funding Agreement** has the meaning given in the Explanatory Statement, under the heading “Background to Resolutions”.

**First Convertible Security** has the meaning given in the Explanatory Statement, under the heading “Background to Resolutions”.

**Lind** has the meaning given in the Explanatory Statement, under the heading “Background to Resolutions”.

**Listing Rules** means the Listing Rules of the ASX.

**Meeting** or means the meeting convened by the Notice of Meeting.

**Notice of Meeting** or **Notice** means this Notice of Extraordinary General Meeting including the Explanatory Statement.

**Option** means an unlisted option to acquire a Share.

**Prepayment Tranches** has the meaning given in the Explanatory Statement, under the heading “Background to Resolutions”.

**Proxy Form** means the proxy form accompanying the Notice of Meeting.

**Resolution** means a resolution proposed to be passed at the Meeting and contained in the Notice of Meeting.

**Second Convertible Security** has the meaning given in the Explanatory Statement, under the heading “Background to Resolutions”.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Term** has the meaning given in the Explanatory Statement, under the heading “Background to Resolutions”.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## ANNEXURE 1 – TERMS AND CONDITIONS OF LIND OPTIONS

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### 1.1 Nature of Options

(a) Each Option shall grant the holder of that Option the right but not the obligation to be issued by the Company one Company Share at \$0.01 per Share (**Option Exercise Price**).

(b) Each Option shall be exercisable by the Option holder complying with its obligations under these terms, at any time after the time of its grant, and prior to 7 June 2021 (**Option Expiration Date**) after which time it will lapse.

### 1.2 Exercise of Options

(a) Without limiting the generality of, and subject to, the other provisions of the Funding Agreement, an Option holder may exercise any of its Options at any time prior to their expiration, by delivery of:

(i) a copy, whether facsimile or otherwise, of a duly executed Option exercise form substantially in the form attached to the Funding Agreement as Annexure A (**Exercise Form**), to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder); and

(ii) payment of an amount equal to the Option Exercise Price multiplied by the number of Company Shares in respect of which the Options are being exercised at the time, by wire transfer to the account specified by the Company from time to time or by bank draft delivered to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder).

(b) As soon as reasonably practicable, but in any event no later than two (2) Business Days after receipt of a duly completed Exercise Form and the payment referred to in clause 1.2(a)(ii), the Company must cause its securities registrar to:

(i) Issue and Electronically Deliver the Company Shares in respect of which the Options are so exercised by the Option holder; and

(ii) provide to the Option holder holding statements evidencing that such Company Shares have been recorded in the Company's share register.

### 1.3 Bonus Issues

If prior to an exercise of an Option, the Company makes an issue of Equity Securities by way of a bonus offer of such Equity Securities to at least all the holders of Equity Securities resident in Australia, then on exercise of the Option, the number of Equity Securities over which an Option is exercisable shall be increased by the number of Equity Securities which the holder of the Option would have received if the Option had been exercised before the date on which entitlements to the bonus issue were calculated.

### 1.4 Rights Issues

If prior to an exercise of an Option, any offer or invitation is made by the Company to at least all the holders of Equity Securities resident in Australia for the subscription for cash with respect to Equity Securities, options or other securities of the Company on a pro rata basis relative to those holders' Shareholding at the time of the offer, the Option Exercise Price

shall be reduced as specified in the Listing Rules in relation to pro-rata issues (except bonus issues).

### **1.5 Reconstruction of Capital**

In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:

(a) the number of the Equity Securities to which each Option holder is entitled on exercise of the outstanding Options shall be reduced or increased in the same proportion as, and the nature of the Equity Securities shall be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and

(b) an appropriate adjustment shall be made to the Option Exercise Price of the outstanding Options, with the intent that the total amount payable on exercise of the Options shall not alter.

### **1.6 Cumulative Adjustments**

Full effect shall be given to the provisions of clauses 1.3 to 1.5, as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Company Shares issuable on exercise of the Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Equity Securities already on issue.

### **1.7 Notice of Adjustments**

Whenever the number of Company Shares over which an Option is exercisable, or the Option Exercise Price, is adjusted pursuant to the Funding Agreement, the Company must give notice of the adjustment to all the Option holders, within three (3) Business Days.

### **1.8 Rights Prior to Exercise**

Prior to its exercise, an Option does not confer a right on the Option holder to participate in a new issue of securities by the Company.

### **1.9 Redemption**

The Options shall not be redeemable by the Company.

### **1.10 Assignability and Transferability**

The Options shall be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and the applicable Law.

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## ANNEXURE 2 – ADDITIONAL TERMS AND CONDITIONS OF THE FIRST CONVERTIBLE SECURITY AND SECOND CONVERTIBLE SECURITY

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- Shares issued on conversion shall rank equally in all respects with the existing Shares on the date of issue.
- Shares issued on conversion shall be credited as fully paid.
- Shares issued on conversion shall be Issued free and clear of any liens.
- The right of Lind to be issued Shares on conversion shall not confer on Lind any entitlement to receive dividends or vote at a general meeting of shareholders of the Company.
- On each date specified by Lind in its sole discretion, Lind may provide the Company no less than one (1) Business Day's prior notice (**Conversion Notice**) requiring the Company to effect a conversion of the convertible note at any time during the Term after the Lock-Up Period (being a period of 90 days following execution of the Funding Agreement).
- During the Lock-Up Period, the Company has the right to buy back the convertible note for the face value of that convertible note, or anytime thereafter at a 5% premium to such face value.
- The obligation of Lind to accept an issue of Shares to satisfy a conversion is conditional on (among other things) the following:
  - all regulatory approvals (including under Listing Rule 7.1), consents, permits, approvals, registrations and waivers necessary or appropriate for the issuance of the conversion Shares have been issued and received by the Company and remain in full force and effect;
  - the Company has delivered or caused to be delivered to Lind, and Lind has received, a copy of a duly executed and timeously lodged cleansing statement or cleansing prospectus and Appendix 3B and confirmation that they have been timeously lodged by the Company with ASX, in respect of the conversion Shares; and
  - the issue and electronic delivery of the conversion Shares would not result in the Company being in breach of the Listing Rules or any other law.
- If the Company is unable to issue all of the required conversion Shares the subject of a Conversion Notice as freely tradeable shares, then Lind may require the Company to pay a cash amount to it equal to the number of Shares which would have been issued under the relevant Conversion Notice multiplied by the VWAP per Share on the date of issuance of the relevant Conversion Notice. Upon the Company receiving such a notice from Lind, the Company must pay the relevant amount to Lind in immediately available funds within 1 Business Day.
- The convertible notes will constitute direct, general, and unconditional obligations on the Company and the Company represents and warrants, at the date of the Funding Agreement and for the period while there is any amount outstanding under the Funding Agreement, there are not presently, and it will not issue any further securities in the nature of the convertible notes which constitute debt instruments with rights to convert into Equity Securities.

- The convertible notes will rank senior to other unsecured obligations of the Company.
- If the Company or any of its subsidiaries arranges to obtain any debt funding or other financial accommodation (including without limitation by the issue of a convertible note, convertible security or similar instrument) but excluding use by the Company of the Company's existing credit card facilities up to a maximum credit limit of AU\$75,000 which ranks senior to, or pari passu with, Lind's interest in the convertible notes, the Company must:
  - notify Lind about such arrangements (in reasonable detail); and
  - use any proceeds raised through such debt funding or financial accommodation (**Debt Proceeds**) to repay the aggregate amount outstanding (and any money owing by the Company to Lind under the Funding Agreement whether under an indemnity or otherwise, if any) of the convertible notes in full, unless otherwise notified in writing by Lind to the Company that it is not required to make such repayment; and
  - make the payment of the amount outstanding (and any money owing by the Company to Lind under the Funding Agreement whether under an indemnity or otherwise, if any) to Lind as required above promptly upon receipt of the Debt Proceeds and no later than two (2) Business Days after receipt of the Debt Proceeds.
- The Company must use its best efforts, and execute all documents that are necessary to be executed (including execution of each Appendix 3B required for the issue of securities) to comply with Listing Rule 3.10.5 and, in relation to the Shares issued to Lind (or its nominee) so as to obtain quotation of each parcel of those Shares on the ASX no later than on the Business Day immediately after the day of the issuance of such parcel.
- No later than 2 Business Days after the time when the ASX grants quotation of the relevant Shares issued to Lind, if Lind so requests, the Company must provide Lind with documentary evidence of the ASX having granted such quotation.
- Lind shall, on behalf of the Company, as the Company's attorney, maintain the Register of the Convertible Security during the term of the Funding Agreement. Lind shall provide a copy of the Register to the Company upon request of the Company and upon any update to the Register from time to time.
- From the date of execution of the Funding Agreement until the date that is thirty (30) calendar days after the date of termination of the Funding Agreement, the Company must not effect, or enter into an agreement to effect, any "Prohibited Transaction", without the prior written consent of Lind. "Prohibited Transaction" means a transaction with a third party or third parties, in which the Company issues or sells (or arranges or agrees to issue or sell, or procures the issue or sale of):
  - any debt, equity or equity-linked securities (including options) that are convertible into, exchangeable or exercisable for, or include the right to receive Company Shares, Shares or other Equity Securities:
    - at a conversion, repayment, exercise or exchange rate or other price that is based on, and/or varies with, the trading prices of, or quotations for, the Shares; or

- at a conversion, repayment, exercise or exchange rate or other price that is subject to being reset at some future date after the initial issuance of such debt, equity or equity-linked security or upon the occurrence of specified or contingent events; or
- any securities in a capital or debt raising transaction or series of related transactions which grant to an investor the right to receive additional securities based upon future transactions of the Company on terms more favourable than those granted to such investor in such first transaction or series of related transactions;

and are deemed to include transactions generally referred to as equity lines of credit, ATM and stand-by equity distribution agreements, and convertible securities and loans having a similar effect. For the avoidance of doubt, any rights issuance, shareholder purchase plan, employee share ownership plan or equity issuance, each at a fixed price per Equity Security, shall not be deemed to be a "Prohibited Transaction".

- If an issue of Shares to Lind in accordance with the terms of the Funding Agreement would result in Lind acquiring a relevant interest in Equity Securities which would cause the Voting Power of Lind and its "Associates" in the Company to exceed 19.99% in a manner that contravenes Chapter 6 of the Corporations Act, then without limiting any of Lind's other rights under the Funding Agreement, Lind or the Company may by written notice to the other party require the Company to pay a cash amount to Lind (within 3 Business Days in immediately available funds) equal to the number of Shares which would have been issued to Lind (or its nominee) multiplied by the VWAP per Share on the date the Shares were to be issued.



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**ANNEXURE 3 – TERMS AND CONDITIONS OF ASX WAIVER**

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1. Based solely on the information provided, ASX Limited ("ASX") grants Cougar Metals NL (the "Company") a waiver from Listing Rule 7.3.2 to the extent necessary to permit the notice of meeting (the "Notice") seeking shareholder approval for the issue of up to 470,000,000 fully paid ordinary shares with a total value of \$2,350,000 at an issue price of not less than \$0.005 per share ("the Placement Shares") pursuant to a funding agreement with the Australian Special Opportunity Fund, LP, an entity managed by The Lind Partners, LLC (together, "Lind") for funding of up to \$3,150,000 over two years via convertible note placements and agreed monthly equity placements of the Placement Shares ("Funding Agreement"), not to state that the Placement Shares will be issued no later than three months after the date of the general meeting ("General Meeting") on the following conditions.
  - 1.1 The Placement Shares must be issued no later than 36 months after the date of the General Meeting.
  - 1.2 For any annual reporting period during which any of the Placement Shares have been issued or any of them remain to be issued, the Company's annual report sets out in detail the number of Placement Shares issued during the reporting period, the number of Placement Shares that remain to be issued and the basis on which the Placement Shares may be issued.
  - 1.3 In any half year or quarterly report for a period during which the Placement Shares have been issued or remain to be issued, the Company must include a summary statement of the number of Placement Shares issued during the reporting period, and the number of Placement Shares that remain to be issued and the basis on which the Placement Shares may be issued.
  - 1.4 The Company includes the terms of this waiver in the Notice.
  - 1.5 The Notice contains the full terms and conditions on which the Placement Shares are proposed to be issued.
2. ASX has considered Listing Rule 7.3.2 only and makes no statement as to the Company's compliance with other Listing Rules.

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**ANNEXURE 4 – FURTHER KEY TERMS AND CONDITIONS OF SHARES TO BE ISSUED UNDER PREPAYMENT TRANCHEs**

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- Lind will have no obligation to pay or advance the relevant amounts under the Prepayment Tranches unless:
  - in relation to the initial Prepayment Tranche:
    - the Company has issued the 15,000,000 Shares to Lind (or its nominee) as collateral under the Funding Agreement;
    - the Company has lodged a cleansing prospectus in relation to the 15,000,000 collateral Shares;
    - the Company has granted the 40,000,000 Options to Lind's nominee;
    - the Company has obtained all Shareholder approvals so that the issue of the First Convertible Security, the Second Convertible Security the 40,000,000 Options and the initial tranche Shares (as applicable) have been obtained;
    - the Company has obtained all third party consents and approvals;
    - no event of default has occurred and no event of default would occur as a result of the transaction;
    - the Company has performed and complied in all respect with all agreements and covenants required by the Funding Agreement; and
  - for all other Prepayment Tranches:
    - the Company has duly issued to Lind (or its nominee) Shares in relation to the previous tranche (unless the Company repays the previous tranche in cash) and if applicable, any Shares issuable to Lind (or its nominee) on conversion of a convertible security;
    - the Company has lodged a cleansing notice or cleansing prospectus (as applicable) and an Appendix 3B in relation to Shares issued to Lind (or its nominee) in relation to a previous tranche and, if applicable, a conversion to ensure that such Shares are freely tradeable once issued;
    - ASX has granted quotation of the Shares issued in relation to the previous tranche and any Shares issued on conversion of a convertible security;
    - the Company has received Shareholder approval for each subsequent tranche; and
    - the Company has performed and complied in all respect with all agreements and covenants required by the Funding Agreement.
- The Company will not be required to drawdown an amount under a tranche if Lind has not complied with its obligations under the Funding Agreement.
- The obligation of Lind to accept an issue of Shares to satisfy a Prepayment Tranche is conditional on (among other things) the following:

- all regulatory approvals (including under Listing Rule 7.1), consents, permits, approvals, registrations and waivers necessary or appropriate for the issuance of the Shares have been issued and received by the Company and remain in full force and effect;
  - the Company has delivered or caused to be delivered to Lind, and Lind has received, a copy of a duly executed and timeously lodged cleansing statement or cleansing prospectus and Appendix 3B and confirmation that they have been timeously lodged by the Company with ASX, in respect of the Shares; and
  - the issue and electronic delivery of the Shares would not result in the Company being in breach of the Listing Rules or any other law.
- If the VWAPs per Share are equal or less than \$0.005 for any 2 consecutive trading days (**Base Price Event**), Lind may elect to postpone by up to 60 days a Prepayment Tranche that would otherwise follow a Base Price Event. No postponement will affect the timing or amount of any Shares to be issued to in relation to a Prepayment Tranche paid prior to such postponement. There is no limitation on the number of postponements Lind may elect to undertake, except that Lind may only do so once in relation to any one Prepayment Tranche.
- If during a pause period (as initiated by Lind) the average of daily VWAPs per Share in any 10 consecutive trading day period is greater than \$0.005, the Company may require Lind to consummate the relevant Prepayment Tranche.
- If during any continuous period of 180 calendar days the VWAPs per Share have been equal to or less than \$0.005 and the investor has exercised its discretion to postpone a Prepayment Tranche that would otherwise follow a Base Price Event, Lind may elect to immediately terminate the Funding Agreement.
- The Company must issue a cleansing prospectus or cleansing statement (as applicable) to ensure that all Shares issued to Lind (or its nominee) are freely tradeable from the date of issue.
- The Company must use its best efforts, and execute all documents that are necessary to be executed (including execution of each Appendix 3B required for the issue of securities) to comply with Listing Rule 3.10.5 and, in relation to the Shares issued to Lind (or its nominee) so as to obtain quotation of each parcel of those Shares on the ASX no later than on the Business Day immediately after the day of the issuance of such parcel.
- No later than 2 Business Days after the time when the ASX grants quotation of the relevant Shares issued to Lind, if Lind so requests, the Company must provide Lind with documentary evidence of the ASX having granted such quotation.
- The information contained in the last 2 bullet points of Annexure 2 apply equally to the Prepayment Tranches.

**PROXY FORM – GENERAL MEETING**

**COUGAR METALS NL**  
ACN 100 684 053

**All correspondence to:**  
Cougar Metals NL  
PO Box 902  
West Perth WA 6872  
Phone: 08 9482 0580  
Facsimile: 08 9482 0505

I/We \_\_\_\_\_  
(insert name of holder – please print)

Of \_\_\_\_\_  
(insert address of holder – please print)

**Appointment of Proxy**

I/We being member/s of Cougar Metals NL and entitled to attend and vote hereby appoint

☐

The Chair of the Meeting (mark with an 'X')

**OR**

Write here the name of the person you are appointing if this person is **someone other than** the Chair of the Meeting

or failing the person named, or if no person is named, the Chair of the Meeting or a nominee of the Chair, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Cougar Metals NL to be held at 88 Thomas Street, West Perth, Western Australia on Thursday, 23 August 2018 at 9:30am (WST) and at any adjournment of that meeting.

**Important:** The Chair of the Meeting intends to vote all undirected proxies in favour of all Resolutions.

**Voting directions to your proxy - please mark X to indicate your directions**

**Ordinary business**

**Resolution 1** RATIFICATION OF PREVIOUS ISSUE OF SECURITIES

**Resolution 2** ISSUE OF CONVERTIBLE NOTE AND SHARES

**For                  Against                  Abstain**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**PLEASE SIGN HERE**

**This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.**

**Individual or Securityholder 1**

**Sole Director and Sole Company Secretary**

**Securityholder 2**

**Director**

**Securityholder 3**

**Director/Company Secretary**

\_\_\_\_\_  
**Contact Name**

\_\_\_\_\_  
**Contact Daytime Telephone**

\_\_\_\_\_  
**Date**

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Individual                                where the holding is in one name, the holder must sign.

Joint Holding:                            where the holding is in more than one name all of the holders should sign.

Power of Attorney:                    if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies:                              a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the Meeting (WST).

**Postal deliveries:**                    Cougar Metals NL  
   PO Box 902  
   West Perth WA 6872

**Facsimile:**                              (08) 9482 0505 if faxed from within Australia or +61 8 9482 0505 if faxed from outside Australia.