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COBRE MOVES TO SHAREHOLDER ACCRETIVE 100% OWNERSHIP OF THE PERRINVALE VHMS PROJECT BY ACQUISITION OF MINORITY SHARES IN TOUCAN GOLD PTY LTD

Highlights

- Cobre (**CBE**) agrees to acquire the 20% (free carried) minority stake in its 80%-owned subsidiary Toucan Gold Pty Ltd (**Toucan**), which is the 100% holder of the high-grade Perrinvale VHMS Project located in Western Australia.
- Consideration for the 20% stake in Toucan consists of a cash payment of \$527,900 plus 6,160,000 CBE shares, with the final share purchase agreement to be completed by 30 June 2020.
- Subject to shareholder approval at the AGM later this year, CBE will also issue 1,550,000 new shares to the Company's largest shareholder, Metal Tiger, at an issue price of \$0.20 per share for \$310,000 under a private placement. This will enable CBE to reduce its net cash outlay as part of the consideration for the Toucan stake to \$217,900.
- Project Accretive acquisition for all existing shareholders leading into future exploration activities.

Acquisition of Minority Shares in Toucan

Cobre Limited (ASX: **CBE**, **Cobre** or **Company**) is pleased to announce that it has entered into a legally binding Letter of Intent (**LOI**) with Resource Assets Pty Ltd and Mr Bernard Aylward, the two minority shareholders (**Vendors**) of Cobre's 80%-owned subsidiary, Toucan Gold Pty Ltd (**Toucan**), neither of whom is a person or entity identified in Listing Rule 10.1, to acquire the remaining 20% of shares in Toucan that the Company does not already own (**Transaction**).

Key terms of the Transaction:

- Following completion of the Transaction, Cobre will hold 100% of the shares in Toucan;
- Toucan is the 100% owner of the 9 tenements comprising the Perrinvale Volcanic-Hosted Massive Sulphide (**VHMS**) Project located in Western Australia;



- Consideration for the 20% minority stake in Toucan (which is currently free carried to a bankable feasibility study) will comprise of a cash payment of \$527,900 plus the issue of 6,160,000 new CBE shares at a deemed issue price of \$0.20 per share utilising the Company's placement capacity under Listing Rule 7.1; and
- 100% ownership of Toucan will provide Cobre with full control over its flagship asset, the Perrinvale VHMS Project, and the ability to make key strategic decisions in relation to that Project independently going forward.

Conditions Precedent (**CP**) for the Transaction:

- The parties negotiating and executing a final share purchase agreement on consistent terms to the LOI; and
- Any other conditions that Cobre or ASX deems necessary in order to ensure compliance with ASX listing rules or the *Corporations Act 2001* (Cth).

The parties have agreed to work in good faith and use their best endeavours to satisfy the CPs as soon as possible but by no later than 30 June 2020. If any CP has not been satisfied by 30 June 2020, Cobre may elect to terminate the LOI and not proceed with the Transaction.

The Vendors have agreed that the 6,160,000 new CBE shares that they will receive under the Transaction will be subject to a voluntary escrow period, during which time the Vendors cannot deal in these CBE shares, being the greater of:

- 31 January 2022 being the same restriction period that applies to the current restricted securities that are held by the Vendors; or
- such other period as required by ASX.

Cobre will also have 100% representation on the Toucan Board with the current non-Cobre appointed director agreeing to resign upon completion of the Transaction.

Share Placement to Metal Tiger

In addition to the Transaction, the Company has agreed that, subject to the completion of the Transaction and the approval of shareholders at the Company's Annual General meeting to be held later this year, the Company will place 1,550,000 new shares at an issue price of \$0.20 per share to the Company's largest shareholder, Metal Tiger PLC (**Metal Tiger**). The placement price represents a 33% premium to the CBE share price immediately prior to the release of this announcement, and will raise an additional \$310,000 cash for the Company to be used to reimburse part of the cash consideration for the Toucan Transaction. Metal Tiger presently holds 19.99% of the shares on issue in Cobre and as a result of this placement will maintain that shareholding level following completion of the Transaction. Shareholder approval for the placement is required under Listing Rule 10.11.3, as Metal Tiger is a substantial holder in Cobre with a nominated director on the Board.



Both the shares to be issued under the Transaction and the share placement to Metal Tiger will rank equally with Cobre's existing fully paid ordinary shares on issue.

Commenting on the binding LOI and proposed future share placement to Metal Tiger, Cobre's Managing Director and Executive Chairman, Martin Holland said:

"The Cobre Board believes the acquisition of the 20% minority shareholding in Toucan will create long-term value for the Company's shareholders via 100% ownership and control of Toucan and the high-grade Perrinvale VHMS Project. The structure of the consideration allows Cobre to preserve its cash on hand for ongoing exploration activities, with the Vendors' shareholding in Cobre expected to increase by less than 6% following the expanded shares on issue in Cobre at completion of the Transaction.

The Board is also pleased with the support shown by Cobre's largest shareholder, Metal Tiger, which has demonstrated its confidence in both the Company and the Perrinvale Project with their commitment to subscribe for additional CBE shares under the placement.

We will continue to update shareholders on the progress of the Transaction as we work towards completion, as well as our ongoing exploration activities on the ground at Perrinvale."

This ASX release was authorised on behalf of the Cobre Limited Board by: Martin C Holland, Executive Chairman and Managing Director

For more information about this announcement, please contact:

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