



30 April 2019

## March 2019 Quarterly Activities Report

### Highlights

- **Ceara Lithium Project – Brazil (CGM 40%)**
  - Farm -In terms restructured reducing CGM expense and exposure
  - Soil sample results received
- **Pyke Hill Nickel Cobalt Laterite Project – Western Australia (CGM 100%):**
  - Approvals for drilling program received
- **Plateado Project – Chile**
  - Cougar withdraws from Farm In Agreement
- **KPM final arbitration award of CAD\$2.52m to Cougar**
- **CAD\$250,000 received from DNI Settlement**
- **\$175,339 Raised in Entitlements Issue.**
- **New Company Secretary Appointed**

Cougar Metals NL (“Cougar” or “the Company”) is pleased to provide its activities report for the quarter ended 31 March 2019.

### **Pyke Hill Nickel/Cobalt Project Western Australia (CGM 100% Ni & Co Rights)**

The Pyke Hill Nickel/Cobalt project lies 40km south of Murrin Murrin Nickel Operations, east of the Murrin East Project area and immediately north of the current Murrin East mining operations. The deposit has a strike length of 2,100m and is up to 450m wide and attains a maximum depth of 60m below surface and sits entirely within the granted mining lease M39/159 held jointly by Pyke Hill Resources Pty Ltd and Richore Pty Ltd. A haul road traverses the tenement, adjacent to the delineated resource.

Cougar holds the nickel and cobalt laterite rights over M39/159 subject to a \$0.40/tonne royalty (for mined and treated ore) to the tenement owners.

In 2019 the Pyke Hill Nickel/Cobalt resource was updated to comply with JORC 2012 resulting in an overall resource of 10.5 mt @ 0.99% Ni and 0.09% Co and a high grade core of 5.0mt@ 0.94% Ni and

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0.14% Co. Refer to ASX announcement dated 11 September 2018 for details including JORC disclosures.

Cougar believes that this resource could provide a significant economic benefit to the Murrin Murrin Operations with its proximity and ore quality.

A drilling program was planned for Q3/Q4 2019 to further delineate the high-grade portion of the deposit and to provide metallurgical samples for evaluation, however has been postponed to reduce expenditures.

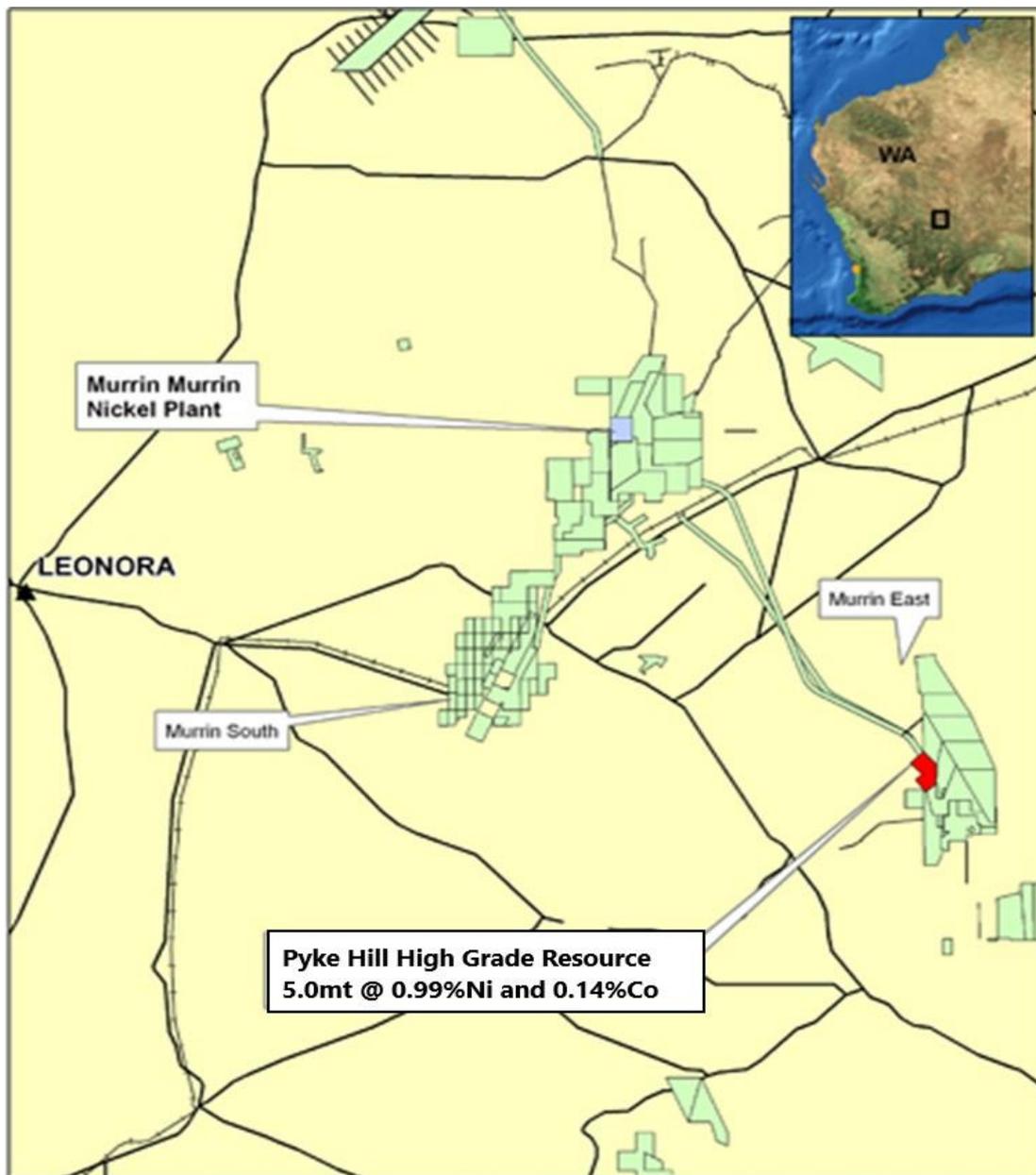


Figure 1: Location Map for the Pyke Hill Project



### **Dispute with Richore Pty Ltd.**

Richore Pty Ltd (**Richore**) purchased a 50% interest in tenement M39/159 from the liquidators of Richfile Pty Ltd (**Richfile**). Richfile was a 50% holder of M39/159, and under the control of liquidators at the time of Cougar's Pyke Hill 2004 option agreement with the owners of M39/159 for the nickel and cobalt rights.

Over the course of several years Richore Pty Ltd has claimed that Cougar did not acquire any of Richfile's interest in the nickel and cobalt rights, yet repeatedly failed to make any formal legal challenge to Cougar's position. Instead, Richore has engaged a series of legal advisors to initially present their case, and then fall silent when presented with the facts in a counter argument. Richore has now brought a plaint before the Western Australian Mining Warden seeking the removal of a caveat over Richore's 50% interest in the tenement allowing Richore's claims to be formally tested.

Cougar is defending its position and will present evidence to the Warden that Richfile Pty Ltd was bound to the original Option Agreement, through the consent of Richfile's liquidator, and Richore subsequently purchased the 50% interest in M39/159 being fully aware of the terms of the Option Agreement. As such Cougar views Richore's claim to be without merit.

The process is ongoing with no hearing date set, but expected in Q1 FY2020.

### **Plateado Cobalt Project in Chile (CGM earning 100%)**

Following a review of the Plateado Cobalt project and considering the significant reduction in cobalt value, Cougar withdrew from the farm in joint venture on the project.

### **Ceara Lithium Project, Brazil (CGM 40%)**

The Ceara Lithium project comprises 19 tenements covering 28,666 Ha, located in north-eastern Brazil, near the town of Solonopole, and contains 10 historically producing lithium workings.

As announced by the Company on February 6, 2019, Cougar and the vendor amended the earn in terms on the Ceara Lithium Project in Brazil (the Project) initially announced to the ASX on 3 August 2016. The restructure of the joint venture is part of the Company's ongoing strategy to reduce its exposure to Brazil and return focus to more stable mineral exploration jurisdictions such as Australia.

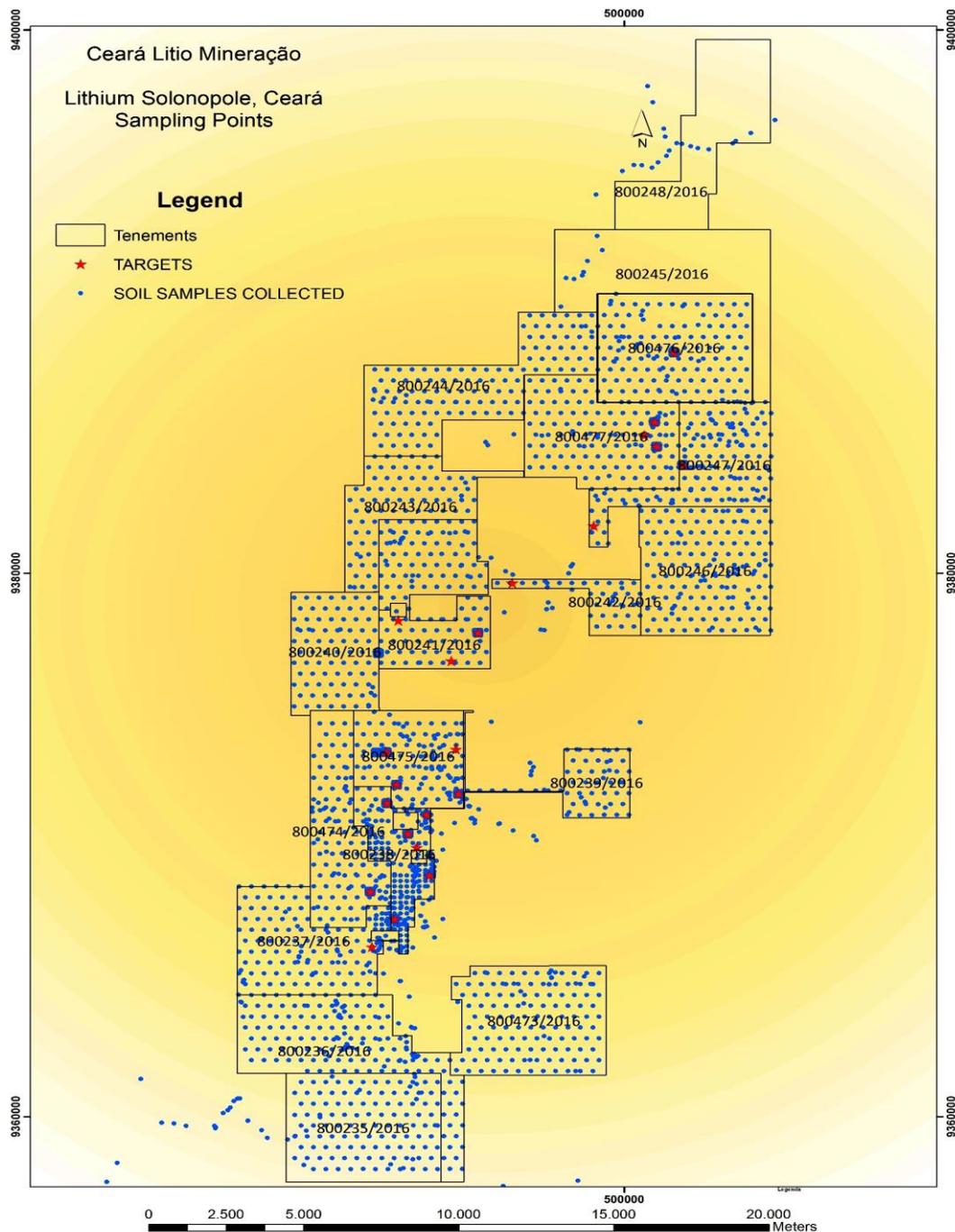
The terms of the MoU with MMH Capital Ltd (**MMH**), Cougar's partners in the Ceara Lithium Project, are as follows:

1. Cougar will be recognised as a 40% owner of the project with MMH retaining 60% and both parties will vest their respective interests into a special purpose entity (**NewCo**) to hold the Project;
2. NewCo will now carry out all exploration work on behalf of the parties, with each party making contributions in proportion to their interest;
3. Both parties have the right to appoint management pro-rata to their respective interests;

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4. No cash payments are due to MMH;
5. No shares shall be issued to MMH;
6. Normal industry standard default provisions apply;
7. Both parties have a first right of refusal if the other party decides to sell their interest;
8. Cougar must complete the current work program of soil sampling assays and a further 1500 soil samples prior to 30 September 2019 as a condition of the restructure.



The image above shows the extent of sampling over the project area.



A soil sampling program, on a 400m by 400m grid, was completed during the quarter for a total of 965 samples which are currently being analysed by SGS Geosol Laboratórios Ltda in Belo Horizonte, Brazil. This brings the total samples taken to date to 2248 samples.

Assays have recently been received post the end of the quarter and will be evaluated to delineate anomalous areas worthy of further follow up work.

## **Corporate Activities**

### **Vohitsara Graphite Project, Madagascar - DNI Metals Inc Settlement**

As previously announced to the ASX on 25<sup>th</sup> September 2018 the Company reached an arbitration settlement with DNI Metals Inc (“DNI”), concerning the Vohitsara graphite project in Madagascar which provided for payment to Cougar by DNI of CAD\$2,500,000, payable in eight quarterly instalments.

The first instalment was due on 24 March 2019, and on 27 March the Company issued a default notice to DNI.

Subsequent to the end of the quarter, DNI rectified its default and the Company has received the first payment of CAD 250,000.

### **The Lind Partners LLC - Funding Agreement**

The Company continues to have a funding agreement in place with the Australian Special Opportunity Fund, LP, an entity managed by New York based, The Lind Partners, LLC (together, **Lind**).

Subsequent to the end of the quarter, Lind elected to convert \$50,000 of their funding agreement, with the Company issuing 55,555,556 shares on 9 April 2019.

The funding agreement remains in place.

### **Kenora Prospectors and Miners Arbitration Award**

As previously reported a damages award of CAD\$1.75M was awarded to Cougar against Kenora Prospectors and Miners Limited for various breaches of contract with respect to the Shoal Lake East Gold Project. Cougar was successful on all claims against KPM and KPM was unsuccessful on all claims against Cougar.

In January, 2019 a final award including damages, costs and interest was handed down totalling CAD\$2.52M. As KPM does not have sufficient cash to meet any payment of the award, Cougar is currently taking steps to have the award enforced.

The recovery efforts of the award may entail the forced sale of KPM’s Shoal Lake East Gold Project in the absence of an alternative arrangement.



## **Entitlement Issue**

On 11 February 2019 the Company announced a non-renounceable entitlement offer of 1 New share for every share together with 1 New option for every 2 new shares subscribed, at an issue price of \$0.002 per share.

On 11 March 2019, the Company announced the closure of the rights issue having raised approximately \$175,339 via the issue of 87,669,481 new shares and 43,834,752 New Options.

Funds were raised to reduce debt, fund ongoing exploration and working capital.

The Company retains the ability to place the shortfall of 839,558,935 shares, to raise a further \$1,787,117 within 3 months of the offer closing.

## **Drilling Business**

The Company continues to review options for selling the remaining drilling equipment and divesting its non-core subsidiaries in order to simplify the group's corporate structure and remove unnecessary holding and corporate costs.

## **Change of Company Secretary**

Mr Ben Donovan has been appointed as Company Secretary subsequent to Mr Brett Tucker's resignation following his relocation to Melbourne. Mr Donovan is a member of Chartered Secretaries Australia and provides corporate advisory and consultancy services to a number of companies.

Mr Donovan is currently a company secretary of several ASX listed and public unlisted companies and has extensive experience in listing rules compliance and corporate governance, having served as a Senior Adviser at the Australian Securities Exchange (ASX) in Perth, including as a member of the ASX JORC Committee.

## **Other projects**

The Company continues to review and evaluate additional exploration projects and opportunities to complement its portfolio.

For further information please contact the undersigned via email using [r.swick@cgm.com.au](mailto:r.swick@cgm.com.au).

Yours sincerely

A handwritten signature in black ink that reads 'Randal Swick'.

**COUGAR METALS NL**  
**RANDAL SWICK**  
*Executive Chairman*



### **Forward Looking Statements**

*Statements contained in this release, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of Cougar Metals NL, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors*

### **Competent Person Statements**

*Information in this announcement that relates to exploration results is based on and fairly represents information and supporting documentation compiled by Brian Thomas BSc MBA Grad Cert App Fin Inv, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Thomas is a Non-Executive Director of Cougar Metals NL. Mr Thomas has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity, which he is undertaking, to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Thomas consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears*

### **ASX LISTING RULE 5.23**

*The Company has reported information contained in prior ASX announcements, and has cross referenced these announcements. The Company confirms that it is not aware of any new information or assumptions since those announcements were made that would likely materially change the content of those announcements.*



## Summary of Tenements and Changes

In accordance with ASX Listing Rule 5.3, Cougar advises of the following:

Project (Australia)	Tenement Reference	Interest held by Cougar at 30 September 2018	Changes during the quarter (acquisitions /disposals)	Interest held by Cougar at 31 December 2018
Pyke Hill Nickel (Australia)*	M39/159	Ni/Co rights - 100%	-	Ni/Co rights - 100%

\* Cougar holds 100% of the Nickel and Cobalt Laterite rights in relation to the tenement, with tenement ownership to be transferred to Cougar upon the commencement of mining activities.

Project (International)	Tenement Reference	Interest held by Cougar at 30 September 2018	Changes during the quarter (acquisitions /disposals)	Interest held by Cougar at 31 December 2018
Shoal Lake Gold (Canada)	MH9	100%	-	100%
Shoal Lake Gold (Canada)	MH10	100%	-	100%
Shoal Lake Gold (Canada)	MH40	100%	-	100%
Shoal Lake Gold (Canada)	D259	100%	-	100%
Ceara Lithium Project	800246/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800235/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800239/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800240/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800241/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800242/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800244/2016	Earning to 85%	-	Earning to 85%



Project (International)	Tenement Reference	Interest held by Cougar at 30 September 2018	Changes during the quarter (acquisitions /disposals)	Interest held by Cougar at 31 December 2018
Ceara Lithium Project	800245/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800236/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800237/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800238/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800243/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800247/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800248/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800249/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800250/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800251/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800252/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800253/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800254/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800255/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800256/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800257/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800473/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800474/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800476/2016	Earning to 85%	-	Earning to 85%



Project (International)	Tenement Reference	Interest held by Cougar at 30 September 2018	Changes during the quarter (acquisitions /disposals)	Interest held by Cougar at 31 December 2018
Ceara Lithium Project	800477/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	800475/2016	Earning to 85%	-	Earning to 85%
PLATEADO 1	520101114	Earning 100%	-	Earning 100%
PLATEADO 2	520101134	Earning 100%	-	Earning 100%
PLATEADO 3	520101136	Earning 100%	-	Earning 100%
PLATEADO 4	520101128	Earning 100%	-	Earning 100%
PLATEADO 5	520101129	Earning 100%	-	Earning 100%
PLATEADO 6	520101137	Earning 100%	-	Earning 100%
PLATEADO 7	520101128	Earning 100%	-	Earning 100%
PLATEADO 8	520101135	Earning 100%	-	Earning 100%
PLATEADO 9	520101130	Earning 100%	-	Earning 100%
PLATEADO 10	520101132	Earning 100%	-	Earning 100%
PLATEADO 11	520101133	Earning 100%	-	Earning 100%
PLATEADO 12	520101131	Earning 100%	-	Earning 100%