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**Cougar Metals NL**

**ACN 100 684 053**

## **Entitlement Issue Prospectus**

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For a pro-rata non-renounceable entitlement issue of 1 new Share for every 1 Share or for every 1 Contributing Share held by Eligible Shareholders registered at the Record Date at an issue price of \$0.002 per Share together with 1 free new Option for each 2 new Shares issued, with each Option exercisable at \$0.01 per Option on or before 31 March 2022 (**Offer**).

The Offer will initially raise up to approximately \$1.96 million (assuming maximum subscription based on the total number of Shares and Contributing Shares on issue as at the date of this Prospectus and assuming no other Shares or Contributing Shares are issued prior to the Record Date).

The Offer is not underwritten.

### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares and Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares and Options offered by this Prospectus should be considered as highly speculative.

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## 1. Corporate directory

### Directors

Randal Swick  
(Executive Chairman)

Brian Thomas  
(Non-Executive Director)

David Symons  
(Non-Executive Director)

### Company Secretary

Ben Donovan

### Registered office

Ground Floor  
16 Ord Street  
West Perth WA 6005

Telephone: +61 8 9482 0580  
Facsimile: +61 8 9482 0505  
Email: [info@cgm.com.au](mailto:info@cgm.com.au)  
Website: [www.cgm.com.au](http://www.cgm.com.au)

### Share Registry\*

Security Transfer Australia Pty Ltd  
770 Canning Highway  
Applecross WA 6153

Telephone:  
(Within Australia): 1300 992 916  
(Overseas) +61 3 9628 2200  
Facsimile: +61 9315 2233  
Website: [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

### Solicitors

EMK Lawyers  
Suite 1B  
16 Phillimore Street  
Fremantle WA 6160

### Auditor

Bentleys Audit & Corporate (WA) Pty  
Ltd  
Level 3  
216 St Georges Terrace  
West Perth WA 6000

\* These entities have not been involved in the preparation of this document and have not consented to being named in this Prospectus. Their names are included for information purposes only.

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## 2. Timetable

Lodgement of Prospectus with the ASIC	11 February 2019
Lodgement of Prospectus and Appendix 3B (application for Official Quotation of the Shares the subject of the Offers) with ASX	11 February 2019
Notice sent to Option holders	11 February 2019
Notice sent to Shareholders	13 February 2019
“Ex” date	14 February 2019
Record Date for determining Entitlements	7.00pm (WST) 15 February 2019
Prospectus sent out to Shareholders & Company announces this has been completed. Offer and Top Up Facility offer opens.	20 February 2019
Last day Company can extend Closing Date	1 March 2019
Closing Date of the Offer and Top Up Facility offer*	6 March 2019
Securities under Offer and Top Up Facility quoted on a deferred settlement basis*	7 March 2019
ASX notified of under subscriptions	11 March 2019
Issue date/Securities entered into Shareholders' / investors security holdings*	13 March 2019
Official Quotation of Shares issued under the Offers*	13 March 2019
Dispatch of Holding Statements	13 March 2019

\* The dates above are indicative only and are subject to change. The Directors may vary these dates subject to any applicable requirements of the Corporations Act or the Listing Rules. The Directors may extend the Closing Date by giving at least three (3) Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

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### **3. Important Information**

This Prospectus is dated 11 February 2019 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of the Prospectus is that date which is 13 months after the date of this Prospectus. No securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form or by making payment using BPAY®. Applications for Securities under the Top Up Facility must be made on a separate section on the Entitlement and Acceptance Form sent to Eligible Shareholders with this Prospectus. More information on the Top Up Facility and the Shortfall Offer is set out in Sections 5.7 and 5.8 respectively.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

A number of terms used in this Prospectus are defined in Section 12 of the Prospectus.

#### **Risk factors**

Potential investors should be aware that subscribing for and holding Shares and Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 9 of this Prospectus. These risks together with other general risks applicable to all investments in listed companies not specifically referred to, may affect the value of the Shares and Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares and Options pursuant to this Prospectus.

#### **Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 9 of this Prospectus.

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## 4. Chairman's Letter

Dear Shareholder,

As a valued shareholder of Cougar Metals NL (**Company**), I am pleased to offer you the opportunity to participate in a pro-rata non-renounceable entitlement offer of new fully paid, ordinary shares in the Company (**Shares**) on the basis of 1 new Share for every 1 Share or every 1 Contributing Share held on the Record Date at an issue price of \$0.002 per Share, that will raise approximately \$1.96 million before costs (**Offer**). Under the Offer the Company will also grant 1 free new Option for each 2 new Shares issued, with each Option exercisable at \$0.01 on or before 31 March 2022.

The proceeds of the Offer will principally be utilised towards the advancement of our highly prospective Australian Nickel and Cobalt Resource at Pyke Hill, finalising our earn in at the Ceara Lithium Project (Brazil) and Plateado Cobalt Project (Chile), reduce debt, as well as to satisfying the expenses of the Offer and provision for working capital. See section 7.1 for further details.

The proposed issue price is the lowest price the Company has traded in the last 12 months and values the entire company at just AUD\$1.95 million, despite having valuable assets and significant payments owed to the company. The Board considers that the Offer pricing represents a low entry level for a Company with significant and prospective assets, particularly with the Pyke Hill Nickel/Cobalt resource where additional in-fill drilling is planned in the coming weeks following completion of this entitlement issue. The company has no option but to issue stock at these low levels in order to preserve the assets of the company, and the Board believes it is appropriate that existing shareholders are given that opportunity to maintain their equity position by being presented with the opportunity to contribute on an equal opportunity basis.

Cougar has been involved in lengthy and costly legal disputes with two Canadian partners over recent years, and despite the resolution of both these disputes in Cougar's favour, share price momentum was lost during a period of market weakness. Cougar is now owed over CAD\$5.25m from these settlements and will vigorously pursue these debtors to recover the funds.

In the past, management has made significant efforts to minimise dilution to protect shareholder value by loaning the company funds and deferring salary entitlements. In addition, this financial year I have reduced how much of my salary I take to AUD\$5,000 per month (with the balance accruing) to assist further in cash preservation.

The number of Shares you are entitled to subscribe for under the Offer (**Entitlement**) is set out in the personalised Entitlement and Acceptance Form that is enclosed with this Prospectus. The Offer is non-renounceable, which means if you do not take up your Entitlements that they will lapse. A market will not be established and you will not be able to trade your Entitlements.

Eligible Shareholders can, in addition to their Entitlement, also apply for additional Securities under the Top Up Facility provided there are Securities available. Refer to Section 5.8 for further details. The Offer is also accompanied by a Shortfall Offer. Refer to section 5.6 for further details.

On behalf of your Board, I invite you to carefully consider this investment opportunity which will provide financial resources to your company to advance and preserve its assets. Please contact the Company directly to discuss this offer and any questions concerning the Company's operations and prospects by calling Mr Ben Donovan, Company Secretary, on +61 (8) 9482 0580.

Yours faithfully,

**Randal Swick**  
**Executive Chairman**  
**Cougar Metals NL**

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## **5. Details of the Offers**

### **5.1 The Offer**

The Offer is being made as a pro-rata non-renounceable entitlement issue of 1 new Share for every 1 Share or every 1 Contributing Share held by Eligible Shareholders registered at the Record Date at an issue price of \$0.002 per Share together with 1 free new Option for every 2 new Shares issued. Fractional entitlements will be rounded up to the nearest whole number. All Shares must be paid for in full at the time of Application.

All of the Shares offered under this Prospectus will following issue rank equally with the Shares on issue at the date of this Prospectus.

The Options issued will be exercisable at \$0.01 on or before 31 March 2022 and otherwise on the terms and conditions set out in clause 8.2.

Please refer to section 8 for further information regarding the rights and liabilities attaching to the Shares and Options.

As at the Record Date (and assuming no other Shares are issued prior to the Record Date), the Company will have on issue 977,802,691 Shares and 3,425,725 Contributing Shares. The Company expects that up to approximately 981,228,416 new Shares will be issued under the Offer to raise up to approximately \$1.96 million before costs and a total of approximately 490,614,208 Options will be granted (assuming the Offer is fully subscribed).

As at the date of this Prospectus, the Company has 50,000,000 Options on issue. In order to participate in the Offer in respect of the underlying Shares, these Options must be exercised, and the underlying Shares issued, before the Record Date. If all Options are exercised with the underlying Shares being issued before the Record Date, the Offer will increase by up to approximately a further 50,000,000 Shares to a total of approximately 1,031,228,416 Shares and 515,614,208 Options (assuming no other Shares are issued) and the funds proposed to be raised from the Offer (assuming the Offer is fully subscribed) will increase by approximately \$100,000 to a total of approximately \$2.06 million (before costs and rounding).

The purpose of the Offer and the intended use of funds raised are set out in section 7.1 of this Prospectus.

The Offer and Top Up Facility open on 20 February 2019 and each close on the Closing Date but the Company reserves the right to extend the Closing Date by giving notice to the ASX in accordance with the ASX Listing Rules.

### **5.2 Minimum subscription amount**

There is no minimum subscription.

### **5.3 Underwriting**



The Offer is not underwritten.

## 5.4 Effect on control of the Company

The potential effect that the issue of the Shares under the Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including Eligible Shareholders interest in taking up their Entitlements and participation in the Top Up Facility, as well as the level of participation by investors in taking up Securities under the Shortfall Offer.

While it is not possible for the Directors to predict the outcome of the factors set out above, a non-exhaustive list setting out the potential effect on control is set out below:

- (a) the percentage interest of Shareholders who are not Eligible Shareholders, and Eligible Shareholders who do not take up their Entitlement, will be diluted by approximately 50% (assuming the Offer is fully subscribed). There will be further dilution if Offer Options are granted and subsequently exercised;
- (b) if all Eligible Shareholders take up their Entitlements under the Offer and 100% of the Shortfall is placed (i.e. 100% Entitlements of Ineligible Shareholders is placed), all Eligible Shareholders will hold same percentage interest in the Company as before the Offer opens;
- (c) in the more likely event that there is a Shortfall, Eligible Shareholders who do not subscribe for their full Entitlement of Shares under the Offer will be diluted relative to those Shareholders who subscribe for some or all of their Entitlements as shown by the table in section 5.6;
- (d) Eligible Shareholders will be entitled to top-up their shareholding over and above their Entitlements, by subscribing for additional Securities under the Top Up Facility to be issued from the Shortfall pool. Refer to section 5.7 for further details on the Top Up Facility;
- (e) as at the date of this Prospectus the Company has on issue 977,802,691 Shares and 3,425,725 Contributing Shares;
- (f) the Contributing Shares only attract voting rights to the extent that the Contributing Shares are paid up. The Contributing Shares are paid up by 1 cent out of 12.5 cents and accordingly the voting rights attaching to all Contributing Shares in aggregate is 8%. Accordingly, disclosures regarding change of control implications in this Section 5.4 based on Voting Power takes into account the 8% Voting Power of Contributing Shares and the 1 for 1 entitlement of a new Share for each Contributing Share hold by Eligible Shareholders at the Record Date;
- (g) as at the date of this Prospectus, Executive Chairman Randal Swick holds a total of 750,000 Shares, being a Shareholding in the Company of approximately 0.08%;
- (h) as at the date of this Prospectus Executive Chairman's Randal Swick's wife Marcia Swick holds a total of 275,250,000 Shares, being a Shareholding in the Company of approximately 28.05%;
- (i) Savvy Capital Management Pty Ltd (**Savvy Capital Management**) (a company associated with Executive Chairman Randal Swick and his spouse Marica Swick) as at the date of this Prospectus is the registered holder of

138,366,224 Shares, being a Shareholding in the Company of approximately 14.1%;

- (j) Randal Swick, Marcia Swick and Savvy Capital Management (**Major Shareholder Group**) are considered Associates of each other and accordingly have a combined Voting Power in the Company of 42.23%;
- (k) The Major Shareholder Group has advised the Company that:
  - (i) Savvy Capital Management intends to subscribe for part of its Entitlements under the Offer so the Major Shareholder Group collectively maintain, but does not exceed, a Voting Power in the Company of approximately 42.23%. The other members of the Major Shareholder Group do not intend to take up their Entitlements subject to the comments below; and
  - (ii) Savvy Capital Management does not intend to acquire a Voting Power greater than 19.99% in its own right (excluding Associates). So other members of the Major Shareholder Group may take up part of their Entitlements if it is required for the Major Shareholder Group to collectively maintain, but not exceed, a Voting Power in the Company of approximately 42.23%; and
- (l) the Company currently does not intend to appoint a nominee to sell Ineligible Shareholder Entitlements for the purposes of section 615 of the Corporations Act. If the Company did make such an appointment it would allow the Major Shareholder Group to increase its Voting Power in the Company as a result of participating in the Offer. Accordingly, without a nominee the Major Shareholder Group will be unable to increase its current Voting Power in the Company as a result of any participation in the Offer unless another relevant exception in Section 611 of the Corporations Act applies.

## 5.5 Future Intentions of the Major Shareholder Group

Each member of the Major Shareholder Group (each a **Major Shareholder**) has indicated that the intentions disclosed in this section are based on the facts and information regarding the Company and the general business environment which are known to it as at the date of this Prospectus. Any future decisions will, of course, be reached by each Major Shareholder is based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, the Major Shareholder Group's intentions could change.

Each Major Shareholder has informed the Company that on the facts and circumstances presently known to it, it is supportive of the Company's current direction. Each Major Shareholder has indicated that it is presently willing to consider any proposals the Company's Board and management may put forward as to how the Major Shareholder Group could support and assist the Company to achieve its objectives.

Each Major Shareholder has advised the Company that since it is presently supportive of the Company's current direction, each Major Shareholder does not currently intend to seek any changes to the direction and objectives of the Company, and that other than as disclosed in this Prospectus, each Major Shareholder:

- (a) does not currently intend to make any significant changes to the existing businesses of the Company. However, it is noted that Randal Swick is the

Executive Chairman of the Company and together with the other Directors control the direction of the Company and its operations and are continually assessing new opportunities. Any significant changes to the existing business of the Company as determined by the Board will be announced to ASX in accordance with the Company's disclosure obligations, and subject to ASX Listing Rule requirements;

- (b) does not currently intend to inject further capital into the Company other than participating in the Offer;
- (c) does not currently intend to become involved in decisions regarding the future employment of the Company's present employees and contemplates that they will continue in the ordinary course of business;
- (d) other than as disclosed in Section 10.5 of this Prospectus, does not currently intend for any property to be transferred between the Company and the Major Shareholder or any person associated with the Major Shareholder;
- (e) does not currently intend to redeploy the fixed assets of the Company; and
- (f) does not currently intend to change the Company's existing financial or dividend policies.

Each Major Shareholder will make decisions on its course of action in light of material facts and circumstances at the relevant times and after it receives appropriate legal and financial advice on such matters, where required, including in relation to any requirement for Shareholder approvals.

The statements reflect current intentions only as at the date hereof which may change as new information becomes available or circumstances change or with the passage of time.

## 5.6 Potential dilution of Shareholders

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 50% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Shareholding at Record Date	~% at Record Date	Entitlements under Offer	~% post Offer if Offer not taken up
200,000,000	20.38%	200,000,000	10.19%
20,000,000	2.03%	20,000,000	1.01%
2,000,000	0.2%	2,000,000	0.1%
200,000	0.02%	200,000	0.01%

### Note:

- The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are placed under the Shortfall Offer.

## 5.7 Top Up Facility

Any Entitlement note taken up pursuant to the Offer will form the Shortfall.

Eligible Shareholders will be entitled to apply for additional new Securities in excess of their Entitlements at the same price as under the Offer (**Top Up Facility**). An offer to Eligible Shareholders to acquire additional Securities forming part of the Shortfall will only be available where there is a Shortfall.

Participants in the Top Up Facility will be issued one free attaching Option for every two Shares issued. All Securities to be issued under the Top Up Facility shall be issued on the same terms as the Securities being offered under the Offer (including the Issue Price).

The offer of additional Securities under the Top Up Facility commences on the same date as the Offer commences and will remain open until the Closing Date.

Shareholders wishing to subscribe for additional Securities under the Top Up Facility must apply for them using the relevant section on the Entitlement and Acceptance Form at the same time as they apply for new Securities under their Entitlement.

The issue of additional Securities under the Top Up Facility is at the discretion of the Directors. Should such applications exceed the number of new Securities available, a scale back will be applied in a manner determined by the Directors. For the avoidance of doubt, the Directors have absolute discretion as regards allocation of new Securities under the Top Up Facility.

The Directors reserve the right to issue to an Applicant a lesser number of additional Securities under the Top Up Facility than the number for which the Applicant applies, or to reject an Application, or to not proceed with placing the Shortfall. Where an application for Shortfall Securities is unsuccessful, in whole or in part, relevant Application Monies will be refunded by the Company (without interest) in accordance with the provisions of the Corporations Act.

Please refer to section 6 for further information on applying for additional Securities under the Top Up Facility.

## 5.8 Shortfall Offer

A shortfall may arise if applications received for new Securities under the Offer (including after the completion of the Top Up Facility) are less than the number of new Securities available under the Offer (**Shortfall Shares**).

The Directors reserve the right, subject to the requirements of the ASX Listing Rules and the Corporations Act, to place remaining shortfall securities under a separate offer (**Shortfall Offer**).

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the date of this Prospectus. All Shares and Options issued under the Shortfall Offer shall be issued on the same terms as Shares and Options being offered under the Offer (including the issue price).

The Directors reserve the right to determine the allottees of the Shortfall Securities at their absolute discretion. As such there is no guarantee that applicants for Shortfall Securities will receive any additional Shares and Options applied for under the Shortfall Offer. The Directors reserve the right to issue to an Applicant a lesser number of Shortfall Securities than the number for which the Applicant applies, or to reject an

Application, or to not proceed with placing the Shortfall. Where an application for Shortfall Securities is unsuccessful, in whole or in part, relevant Application Monies will be refunded by the Company (without interest) in accordance with the provisions of the Corporations Act.

The Major Shareholder Group has advised the Company that they will not apply for any Shortfall in their capacity (including under the Top Up Facility) as Shareholders and the Company will not allocate any Shortfall (including under the Top Up Facility) to the Major Shareholder Group or their Associates.

## **5.9 ASX listing**

Application for Official Quotation of the Shares offered pursuant to this Prospectus on the ASX will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of three (3) months after the date of this Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and Options and will repay all Application Monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

No application will be made for Official Quotation of the Options offered pursuant to this Prospectus. Accordingly, the Options will not be quoted on ASX.

## **5.10 Issue**

Shares and Options issued pursuant to the Offer and the Top Up Facility will be issued in accordance with the ASX Listing Rules and timetable set out in Section 2 of this Prospectus.

Shares and Options issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares and Options issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares and Options or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares and Options issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus. Holding Statements for any Shortfall Securities issued under the Shortfall Offer will be mailed as soon as practicable after their issue.

## **5.11 Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

## **Australia and New Zealand**

The Offer is being made to all Shareholders with registered addresses, on the Record Date, in Australia or New Zealand (**Eligible Shareholders**).

The Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## **Other Places**

In relation to Shareholders with registered addresses on the Record Date in places other than Australia or New Zealand, the Company has decided that it would be unreasonable to make the Offer to those Shareholders having regard to:

- (a) the number of Shareholders in each such place;
- (b) the number and value of securities the holders would be offered; and
- (c) the costs of complying with legal requirements, and requirements of regulatory authorities, each such place.

## **Custodians and nominees**

Custodians and nominees may not distribute this document, and may not permit any beneficial shareholder to participate in any offer under this Prospectus, in any country outside Australia except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offers.

## **Ineligible Shareholders**

Shareholders with registered addresses on the Record Date in places other than Australia or New Zealand are not eligible to participate in or accept the Offer (**Ineligible Shareholders**).

## **No Nominee**

No nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement, it must have regard to the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold). Eligible Shareholders who may be at risk of exceeding the 20% voting power threshold in section 606 of the Corporations Act as a result of acceptance of the Entitlement Offer should seek professional advice before completing and returning an Entitlement and Acceptance Form.

## **5.12 CHESS and Issuer Sponsorship**

The Company will not be issuing share certificates for the Shares and Options offered under this Prospectus. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Investors who are issued Shares and Options under this Prospectus will be provided with a holding statement (similar to a bank account statement) that sets out the number of Shares and Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **5.13 Privacy Act**

If you complete an Application for Shares and Options, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a holder of equity securities in the Company, facilitate distribution of payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the Company's register of members, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

## **5.14 Rounding**

Fractional entitlements will be rounded up to the nearest whole number. All references to numbers of Shares and Options to be issued pursuant to this Prospectus are expressed subject to rounding.

## **5.15 Enquiries**

Any questions concerning the Offer should be directed to Ben Donovan, Company Secretary, on +61 (8) 9482 0580.

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## 6. How to apply

### 6.1 Acceptance

Your acceptance of the Offer, or application under the Top Up Facility, must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance for your Entitlement must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement. To apply for additional Securities under the Top Up Facility, please complete the relevant section on the Entitlement and Acceptance Form accompanying this Prospectus and pay the relevant subscription amount in accordance with the Form.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
  - (iii) if paying by BPAY®, make a BPAY® payment in respect of your full Entitlement by following the instructions on the Entitlement and Acceptance Form (refer to section 6.5 for further details); or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Shares and Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.002 per Share); or
  - (iii) if paying by BPAY®, make a BPAY® payment in respect of the portion of your Entitlement that you wish to take up by following the instructions on the Entitlement and Acceptance Form (refer to section 6.5 for further details); or
- (c) if you wish to participate in the Top Up Facility:
  - (i) complete the Top Up Facility section in the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
  - (iii) if paying by BPAY®, make a BPAY® payment in respect of your participation in the Top Up Facility by following the instructions on the Entitlement and Acceptance Form (refer to section 6.5 for further details); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.



The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

## 6.2 Return of Entitlement and Acceptance Forms

Unless paying by BPAY®, completed Entitlement and Acceptance Forms together with a cheque for the relevant amount must be lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's Share Registry (by delivery or by post) at:

By Delivery	By Post
Security Transfer Registrar 770 Canning Hwy Applecross WA 6153	Security Transfer Registrar PO Box 52 Collins Street West Vic 8007

## 6.3 Implications returning a completed Entitlement and Acceptance Form

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

## 6.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Cougar Metals NL– Entitlement Issue Account" and crossed "Not Negotiable".

## 6.5 Payment by BPAY®

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form if you pay by BPAY® but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares and Options which is covered in full by your Application Monies paid by BPAY® .

## **6.6 Action in relation to Shortfall Offer**

Investors wishing to participate in the Shortfall Offer should contact the Company to obtain a copy of this Prospectus and the Shortfall Application Form.

Acceptance of a completed Shortfall Application Form by the Company creates a legally binding contract between the relevant Applicant and the Company for the number of Securities accepted by the Company. The Shortfall Application form does not need to be signed to be a binding acceptance of securities.

If the Shortfall Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat a Shortfall Application Form as valid and how to construe, amend or complete the application form, is final.

## **6.7 Enquiries**

Any questions concerning the Offer should be directed to Ben Donovan, Company Secretary, on +61 (8) 9482 0580.

## 7. Purpose and effect of the Offer

### 7.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$1,962,457 (assuming maximum subscription based on the total number of Shares on issue as at the date of this Prospectus and no Options are exercised prior to the Record Date).

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Cost of infill drilling programs of existing high grade zone at the Pyke Hill project.	150,000	7.64
2.	Evaluation of divestments	50,000	2.55
3.	Completion of Ceara Lithium Work Program	125,000	6.37
4.	Plateado Cobalt Work Program	80,000	4.08
5.	Enforcement of KPM arbitration award <sup>1</sup>	40,000	2.04
6.	Review of acquisition opportunities	100,000	5.10
7.	Expenses of the Offer <sup>2</sup>	31,868	1.62
8.	Debt retirement <sup>3</sup> .	960,000	48.92
9.	Working capital for 12 months (including Director's remuneration of \$134,000)	425,589	21.69
<b>Total</b>		<b>1,962,457</b>	<b>100%</b>

**Notes:**

1. Refer to section 10.1(a) of this Prospectus for further details.
2. Refer to section 10.9 of this Prospectus for further details relating to the estimated expenses of the Offer.
3. Comprising a provision for up to \$400,000 to repay loans owing to Executive Chairman Randal Swick (refer to section 9.2(b) for further details) and \$560,000 for partial repayment of Convertible Notes (current deemed amount outstanding is \$960,000 – any repayment attracts a 5% premium to the amount outstanding).

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis, but funds will be spent to maintain and further the Company's exploration projects. The Company's current cash resources and additional capital proposed to be raised by the Offer are sufficient to meet its current stated objectives.

In the event that the Offer is not fully subscribed (and the Shortfall Offer is also not fully subscribed), the Company shall apply the actual proceeds raised by the Offer firstly towards the expenses of the Offer, then up to \$400,000 towards repayment of loans to Randal Swick (pro-rata to the amount actually raised), and then the balance equally across the advancement of the remaining geological assets of the Company

and working capital. The Board reserves the right to alter the priority and proportions in which funds raised are applied.

In the event that insufficient funds are raised to meet the expenses of the Offer, the Company intends to use its existing working capital to meet the expenses of the Offer.

## 7.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,930,589 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Issued Shares on issue from 981,228,416 as at the date of this Prospectus to 1,962,456,832 Shares (assuming no Options are exercised prior to the Record Date); and
- (c) increase the number of Options on issue from 50,000,000 to approximately 540,614,208 Options following completion of the Offer (assuming no Options are exercised prior to the Record Date).

## 7.3 Details of substantial holders

The Company's substantial holders (i.e. holders with a Relevant Interest (either alone or with Associates) in 5% or more of the Voting Shares), as notified to the Company as at the date of this Prospectus, and their Entitlement prior to the Offer, are set out in the table below, assuming they do not acquire any additional Shares before the Record Date.

Substantial Holder	Shares	Current Shareholding	Entitlement	Subscription Sum \$
Marcia Swick	275,250,000	28.05%	275,250,000 Shares 137,625,000 Options	\$550,500
Randal Swick	750,000	0.8%	750,000 Shares 375,000 Options	\$1,500
Savvy Capital Management Pty Ltd	138,366,224	14.1%	138,366,224 Shares 69,183,112 Options	\$276,733
<b>Combined</b>	<b>414,366,224</b>	<b>42.23%</b>	<b>414,366,224 Shares 207,183,112 Options</b>	<b>\$828,733</b>

Notes:

1. Each party above is an Associate of the other and therefore their Relevant Interests are combined for the purposes of determining if they are substantial holders in the Company.
2. Savvy Capital Management Pty Ltd is associated with Randal Swick and Marcia Swick as previously detailed. The Major Shareholder Group has advised the Company that:
  - a. Savvy Capital Management Pty Ltd intends to subscribe for part of its Entitlements under the Offer so the Major Shareholder Group collectively maintain, but not exceed, a Voting Power in the Company of approximately 42.23% but the other members of the Major Shareholder Group do not intend to take up their Entitlements subject to the comments below; and
  - b. Savvy Capital Management Pty Ltd does not intend to acquire a Voting Power greater than 19.99% in its own right (excluding Associates). So other members of the Major Shareholder Group may take up part of their Entitlements if it is required for the Major Shareholder Group to collectively maintain, but not exceed, a Voting Power in the Company of approximately 42.23%.
3. The Voting Power in the table is at the date of this Prospectus.

## 7.4 Pro-forma statement of financial position

The audited statement of financial position as at 30 June 2018, the unaudited management accounts statement of financial position of 31 December 2018 and the unaudited pro-forma statement of financial position as at 31 December 2018 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma statement of financial position has been prepared to provide an indication on the effect of the Offer on the financial position of the Company assuming all the Offer is Fully Subscribed and no Options are exercised prior to the Record Date. It has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	AUDITED 30 June 2018	UNAUDITED 31 December 2018	PRO-FORMA 31 December 2018
<b>Current assets</b>			
Cash	27,818	261,941	2,192,530
Other current assets	87,492	129,699	129,699
<b>Total current assets</b>	<b>115,310</b>	<b>391,640</b>	<b>2,322,229</b>
<b>Non-current assets</b>			
Plant and equipment	-	-	-
Exploration and evaluation expenditure	231,678	271,972	271,972

	AUDITED 30 June 2018	UNAUDITED 31 December 2018	PRO-FORMA 31 December 2018
<b>Total non-current assets</b>	<b>231,678</b>	<b>271,972,</b>	<b>271,972</b>
<b>TOTAL ASSETS</b>	<b>346,988</b>	<b>668,301</b>	<b>2,598,890</b>
<b>Current liabilities</b>			
Creditors and borrowings	1,627,961	4,069,481	4,069,481
<b>Total current liabilities</b>	<b>6,792,800</b>	<b>8,010,306</b>	<b>8,010,306</b>
<b>TOTAL LIABILITIES</b>	<b>6,792,800</b>	<b>8,010,306</b>	<b>8,010,306</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>(6,445,812)</b>	<b>(7,342,005)</b>	<b>(5,411,416)</b>
<b>Equity</b>			
Contributed equity	28,580,190	28,630,190	30,560,779
Reserves	(356,996)	(296,442)	(296,442)
Accumulated losses	(34,669,006)	(35,675,753)	(35,675,753)
<b>TOTAL EQUITY</b>	<b>(6,445,812)</b>	<b>(7,342,005)</b>	<b>(5,411,416)</b>

The pro-forma statement of financial position includes the following adjustment:

- (a) \$1,930,588 being raised under the Offer (assuming maximum subscription and that no Options are exercised prior to the Record Date and deducting the estimated expenses of the Offer) which includes payment of \$0.002 per Share.

## 7.5 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming Fully Subscribed, is set out below.

<b>Shares and Contributing Shares</b>	
Shares on issue as at the date of this Prospectus	977,802,691
Contributing Shares on issue as at the date of this Prospectus	3,425,725
Shares to be issued under the Offer <sup>1, 3, 4, 5</sup>	981,228,416
<b>Total Issued Shares on issue on completion of the Offer<sup>2, 3, 4, 5</sup></b>	<b>1,962,456,832</b>

### Notes

- Assuming the Offer is fully subscribed.
- Assuming the Offer is fully subscribed and no other Shares issued, and subject to rounding.

3. Up to an additional 192,000,000 Shares may be issued upon conversion of the Convertible Notes. Refer the Company's ASX Announcement Dated 6 June 2018, and the Company's notice of meeting released to ASX on 23 July 2018, for further details. As per the Company's announcement to ASX on 3 January 2019, the Company and the Convertible Note holders have agreed that no conversion of the Convertible Note can occur before 31 March 2019 (which is after the Record Date).
4. Up to an additional 455,000,000 Shares may be issued under prepayment tranches under the Funding Agreement. Refer the Company's ASX Announcement Dated 6 June 2018, and the Company's notice of meeting released to ASX on 23 July 2018, for further details. If any Shares are issued prior to the Record Date then the Shares to be issued under the Offer and total Shares on issue upon completion of the Offer and Shortfall offer will correspondingly increase (depending on applications received).
5. The Company has 50,000,000 Options on issue. If any of these are exercised prior to the Record Date and the underlying Shares issued, then the Shares to be issued under the Offer and total Shares on issue upon completion of the Offer and Shortfall offer will correspondingly increase (depending on applications received).

<b>Options</b>	
Unlisted Options exercisable at \$0.017 per Option on or before 30 June 2019	10,000,000
Unlisted Options exercisable at \$0.01 per Option on or before 7 June 2021 <sup>1</sup>	40,000,000
Options offered under the Offer	490,614,208
<b>Total Options on issue upon completion of the Offer<sup>2</sup></b>	<b>540,614,208</b>

#### Notes

1. Option terms confer a right to a change in exercise price after the Entitlement Offer in accordance with the formula in ASX Listing Rule 6.22.2. Accordingly, assuming the Entitlement Offer is fully subscribed, the exercise price of these Options will be reduced by up to \$0.005 per Option.
2. Assuming no Options are converted.

<b>Convertible Notes</b>	
Unlisted Convertible Notes <sup>1</sup>	2
Convertible Notes offered under the Offer	Nil
<b>Total Convertible Notes on issue upon completion of the Offer<sup>2</sup></b>	<b>2</b>

#### Note

1. Convertible notes have a combined face value of \$960,000 and the terms and conditions detailed in the Company's notice of meeting released to ASX on 23 July 2018.
2. Assuming no Convertible Notes are converted. As per the Company's announcement to ASX on 3 January 2019, the Company and the Convertible Note holders have agreed that no conversion of the Convertible Note can occur before 31 March 2019 (which is after the Record Date).

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## **8. Rights and Liabilities attaching to Shares and Options**

### **8.1 Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a holder of a Share or a proxy, attorney or representative of a Shareholder has one (1) vote;
- (iii) on a show of hands, every person present who is a holder of a Contributing Share or a proxy, attorney or representative of a Shareholder has a fraction of one vote equal to the proportion which the amount paid or credited on that Contributing Share bears to the total amounts paid and payable on that Contributing Share; and
- (iv) on a poll, every person present who is a holder of a Share or a proxy, attorney or representative of a holder of a Share shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one (1) vote for each Share held; and
- (v) on a poll, every person present who is a holder of a Contributing Share or a proxy, attorney or representative of a holder of a Contributing Share shall, in respect of each Contributing Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one (1) vote for each Contributing Share held.



(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on shares which are participating shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the Company's property, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Shareholder liability

As the Shares issued under the Prospectus will be fully paid shares at the time of issue, they will not be subject to any calls for further moneys by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of, or failure to observe the provisions of, a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) Future increase in capital

The issue of any new Shares is under the Directors' control. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by special resolution passed at a separate meeting of the holders of the shares of that class.

(i) Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at a general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 8.2 Options

The Options entitle the holder to subscribe for Shares on the terms and conditions set out below.

(a) Entitlement

Each Option gives the Optionholder the right to subscribe for, and be issued, one Share.

(b) Exercise Price

Subject to Part (i), the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).

(c) Expiry Date

The Options will expire at 5.00pm (WST) on 31 March 2022 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Notice of Exercise

An Optionholder may exercise any Options by lodging with the Company, before the Expiry Date:

- (i) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
- (ii) a cheque or electronic funds transfer for the aggregate Exercise Price for the number of Options being exercised.

(e) Exercise Date

An Exercise Notice is only effective when the Company has received the full amount of the aggregate Exercise Price in relation the Options the subject of that Exercise Notice.

(f) Timing of issue of Shares on exercise

Within 10 Business Days of receipt of the Exercise Notice and the aggregate Exercise Price, the Company will allot the applicable Shares to the Optionholder.

(g) Quotation of Shares issued on exercise

If admitted to the official list of the ASX at the time, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.

(h) Shares issued on exercise

All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other issued fully paid Shares.

(i) Reorganisation

If, prior to the Expiry Date, the issued capital of the Company is reorganised, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and any requirements with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(j) Participation in new issues

(iii) There are no participating rights or entitlements inherent in the Options.

(iv) An Optionholder will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options except to the extent that Options are exercised prior to the 'record date' for determining entitlements for the new issue.

(k) Change in exercise price

An Option does not confer on the holder any right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

(l) Transferability

The Options are transferable.

(m) Agreement to be bound

By lodging an Exercise Notice, the Optionholder agrees to take the applicable Shares and agrees to be bound by the constitution of the Company.

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## **9. Risk factors**

### **9.1 Introduction**

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **9.2 Company specific risks**

(a) Potential for significant dilution

Upon completion of the Offer, the number of Issued Shares in the Company will increase from 981,228,416 to 1,962,456,832 (assuming the Offer is fully subscribed and no other Shares are issued by the Record Date). This means that each Share and Contributing Share will represent a lower proportion of the ownership of the Company and a Shareholder who does not take up its Entitlement will be diluted by 50%.

Upon completion of the Offer, the number of granted Options in the Company will increase from 50,000,000 to 540,614,208 (assuming the Offer is fully subscribed and no Options are exercised by the Record Date). Upon conversion of any of the new Options, this will have a dilutionary effect on Shareholders.

Also, as noted in section 7.5, up to an additional 455,000,000 Shares may be issued under placements under the Funding Agreement, and up to an additional 192,000,000 may be issued upon conversion of existing Convertible Notes. If and when such Shares are issued this will have a dilutionary effect on current and future Shareholders. If such Shares were issued on the date of this Prospectus, it would dilute existing Shareholders by 39.73%.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation or prediction as to such matters.

The trading price of Shares on ASX prior to the Prospectus being lodged is not a reliable indicator as to the potential trading price of Shares after completion of the Offer.

(b) Going concern risk

While completing the review of the Company's, 30 June 2018, annual financial report, the Company's auditor, Bentleys Audit & Corporate (WA) Pty Ltd, noted the following:

"The Consolidated Entity has incurred a loss for the year of \$3,426,045 (2017 loss: \$1,446,829) and net cash outflows from operating activities of \$1,930,301 (2017 outflow: \$416,158). The loss during the year is due largely to difficult trading conditions in its contract drilling services business of which a decision has been made by the Board to discontinue these operations (refer note 12). The loss from discontinued operations during the year was \$954,630.

As at 30 Jun 2018, the Consolidated Entity has a deficiency in net assets of \$6,445,812 (2017: deficiency \$4,107,621). As disclosed in note 12, the net liabilities of the disposal group as at 30 June 2018 was \$4,793,322, as such the net liability position of the consolidated entity excluding the proposed disposal of the drilling operations was \$1,652,490 at balance date.

These conditions indicate a material uncertainty that may cast significant doubt about the Company and the Consolidated Entity's ability to continue as going concerns."

Further the Company has previously received loans and funding support from the Executive Chairman, Mr Randal Swick. As at the date of this Prospectus approximately \$2.56m is owed to Mr Swick for outstanding fees (\$127,400) and loans advanced to the Company. The ability of the Company to continue as a going concern may be dependent on Mr Swick's continued financial support and not calling upon any outstanding loans. Please refer to the 2018 Annual Report released to the ASX dated 1 October 2018 for details of the loans.

(c) Additional funding

The Company's future capital requirements, and the Company's ability to satisfy those requirements, depend on numerous factors, many of which are beyond the control of the Company.

In the future the Company will require further funding in addition to amounts raised under Offer. Any additional equity financing will dilute shareholdings. Any debt financing, if available, may involve restrictions on the Company's activities.

If the Company is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations, dispose of assets or scale back its exploration programmes, as the case may be.

The Company's ability to raise funds through the issue of Shares or other securities is subject to share market conditions from time to time. The market for securities in junior exploration companies can fluctuate.

There is, however, no certainty that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company and its Shareholders.

(d) Executive Management

The responsibility of overseeing the day-to-day operations and the Company's strategic management depends substantially on its senior

management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(e) Brazil

On 6 February 2019, the Company announced it had entered into a Memorandum of Understanding (MOU) with MMH Capital Ltd regarding the terms of the Ceara Lithium project in Brazil. Under the terms of the restructure, the Company and MMH will now vest their respective interests in the project into a new special purpose company, with the Company holding a 40% interest and contributing pro rata to the expenses of exploration. Refer to Section 10.6 for more details.

The Ceara Lithium Project is located in Brazil (refer to the Company's quarterly activities report released on 31 January 2019 for further details) and the Project is subject to the risks associated with operating in that country.

These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Brazil may adversely affect the operations or profitability of the Company if the proposed transaction is consummated. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Brazil may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Brazil.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company if the proposed transaction is consummated.

(f) Chile

While Chile is considered to be one of South America's most politically stable and prosperous nations, it may nevertheless be subject to social and economic uncertainty. Civil and political unrest and outbreaks of hostilities in Chile could affect the Company's access to the Plateado Cobalt Project in the event the Company completes the acquisition of an interest in that project

(refer to the Company's quarterly activities report released on 31 January 2019 for further details) and subsequent exploration and development.

Adverse changes in government policies or legislation in Chile affecting foreign ownership of mineral interests, taxation, profit repatriation, royalties, land access, labour relations, and mining and exploration activities may affect the operations of the Company.

(g) Environmental

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(h) Exploration risks

The mineral tenements and mining properties of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these mineral tenements and mining properties, or any other mineral tenements and mining properties that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title or indigenous process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its mineral tenements and mining properties and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the mineral tenements and mining properties, a reduction in the case reserves of the Company and possible relinquishment of the mineral tenements and mining properties.

(i) Exploration costs

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(j) Failure to satisfy Expenditure Commitments

Interests in mineral tenements and mining properties in Australia, Brazil, Chile and Canada are governed by the mining acts and regulations that are current in those countries and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it, annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the mineral tenements and mining properties if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(k) Mine development

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(l) Native title or indigenous rights and Indigenous Heritage

In relation to mineral tenements and mining properties which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title or indigenous rights of persons in Australia, Brazil, Chile or Canada exist. If native title or indigenous



rights do exist, the ability of the Company to gain access to mineral tenements and mining properties or mining properties (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title or indigenous claims involving mineral tenements and mining properties or mining properties in which the Company has or may have an interest.

Additionally, there may be Indigenous heritage sites within the mineral tenements and mining properties areas which may lead to restrictions on the areas that the Company will be able to explore and mine.

(m) Operational risk

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(n) Reserve and Resource Estimates

No assurance can be given that any mineral reserves and resources that are estimated by the Company will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral reserve and resource estimates may require revision (either up or down) based on actual production experience. Any future reserve and/or resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or that it can be brought into profitable production. Furthermore, a decline in the market price for natural resources that the Company may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover and may ultimately result in a restatement of reserves.

(o) Tenure and access

Mineral tenements and mining properties are subject to periodic renewal. There is no guarantee that current or future mineral tenements and mining properties or future applications for production mineral tenements and mining properties will be approved.

The mineral tenements and mining properties held by the Company are subject to the applicable mining acts and regulations in Australia, Brazil, Chile and Canada. The renewal of the term of a granted mineral tenement or mining property is also subject to the discretion of the relevant Minister or

government authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the mineral tenements and mining properties comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

A number of the mineral tenements and mining properties comprising the Company's projects overlap land which is owned by private landowners. In order for the Company to access that land and undertake its proposed activities on that land, including any exploration and/or development of a mine the Company will need to negotiate access and compensation arrangements with the underlying private landholders.

### **9.3 General risks**

#### **(a) Litigation Risks**

The Company is not currently engaged in any litigation however it is involved in the legal proceedings disclosed in section 10.1.

In addition to the above, the Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

#### **(b) Economic Risks**

General economic conditions, movements in interest and inflation rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

#### **(c) Market conditions**

Share market conditions may affect the value of the Company's Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry or the lithium sector within that industry);
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the

Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) Foreign exchange rate risk

The Company's operating expenses in Canada will be predominantly in the local Canadian currency – the Canadian dollar. Whilst the Company's operating expenses and income in Brazil will be in the local Brazilian currency – the Brazilian Real. The Company's operating expenses and income in Chile will be in local Chilean currency – the Chilean Peso.

To comply with Australian reporting requirements, the operating expenses and any income of overseas entities will need to be wholly accounted for in Australian dollars. Consequently, the Company will be exposed to exchange rate volatility and currency fluctuations between the Canadian dollar and Australian dollar, the Brazilian Real and the Australian dollar and the Chilean Peso and the Australian dollar which may have a materially adverse effect on the financial performance of any operations in the applicable country.

At this point in time, the Company has not put in place any hedging against exchange rate fluctuations, meaning that the Company is exposed to exchange rate risk.

(e) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(f) Commodity price volatility and exchange rate risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(g) Sovereign risk (General)

The Company's key projects are located in Brazil and Chile, with minor projects located in Canada, and a finalised dispute in Madagascar. Possible sovereign risks associated with operating in Brazil, Chile and Canada include, without limitation, changes in the terms of mining legislation,

changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price or value of its Securities.

No assurance can be given regarding future stability in Brazil, Chile, Canada or any other country in which the Company may, in the future, have an interest.

(h) Risk of international operations generally

International sales and operations are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting intellectual property;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

(i) Competition risk

The industries in which the Company will be involved are subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(j) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(k) Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

(l) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(m) Force Majeure

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

## **9.4 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities under this Prospectus.

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## 10. Additional information

### 10.1 Litigation

(a) KPM

Arbitration proceedings over the Keonra Prospector & Miners, Limited (**KPM**) property in the Shoal Lake Region of Ontario, Canada have concluded with the final award from the arbitrator delivered in January 2019 of 2.52M CAD inclusive of damages, costs and interest. Cougar intends to pursue the recovery of this award which may include the forced sale of KPM's assets.

Refer to the Company's ASX announcements dated 14 October 2013 and 8 November 2018 for further details.

(b) DNI

On 25 September 2018, the Company announced that it has reached a settlement of the arbitration with DNI Metals Inc. The settlement provides for payment to Cougar by DNI of CAD\$2,500,000, payable in eight quarterly instalments, six of which will be in the amount of CAD\$250,000 and two of which will be in the amount of CAD\$500,000 (the third and fourth quarterly instalments). The instalments shall commence starting 6 months from the settlement date, or 14 days after DNI's next successful financing.

The settlement also provides for payment of an accelerated amount of up to CAD\$1,000,000 in the event of a sale of the Vohitsara property.

The parties have agreed to settle all other matters between them, including a claim in the Ontario Superior Court brought against DNI by two employees of Cougar, and have agreed on mutual releases of all claims, which shall take effect on the completion of the settlement.

(c) Pyke Hill

Cougar Metals holds the exclusive right to explore and mine lateritic nickel and cobalt on M39/159. Cougar is in dispute with Richore Pty Ltd over the removal of a caveat held by Cougar for 100% interest in the nickel and cobalt rights, as Richore claims it is the beneficial owner of 50% interest in the tenement, including 50% of the Nickel and cobalt rights. The matter is to be held in wardens court in Perth.

Refer to the Company's ASX announcement dated 31 January 2019 for further details.

(d) Other

Other than as outlined above, as at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### 10.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject

to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Offer is an offer of Shares and Options which are 'continuously quoted securities' for the purposes of the Corporations Act.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is primarily required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is issued in circumstances where significant publicly available information in relation to the Company exists by virtue of disclosures to ASX. This Prospectus does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors are encouraged to have regard to the other publicly available information available through the ASX in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three (3) months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not generally been included in this Prospectus other than certain information required to be included in this Prospectus by the Corporations Act.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) the Company is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, the offices of the ASIC; and
- (c) the Company will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with ASIC;
  - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure notices given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected, or a copy obtained, at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the date of lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of announcement
08/02/19	Updated director's interest Notice and Substantial Holder notice
06/02/19	Ceara Lithium Project Update
31/01/19	Company Secretary Appointment Resignation
31/01/19	Quarterly Cashflow Report
31/01/19	Quarterly Activities Report
31/01/19	Updated director's interest Notice and Substantial Holder notice
24/01/19	Revised ASX Announcement – Updated JORC Table
18/01/19	Drone Aeromagnetic Survey Defines New Targets at Plateado
03/01/19	Updated Funding Agreement and Issue of Shares
11/12/18	Cougar Trials Innovative Nickel & Cobalt Extraction Process
29/11/18	Brazilian Drilling Division Divestment
26/11/18	Results of Meeting
08/11/18	Shoal Lake Gold Project Arbitration Award
29/10/18	Quarterly Cashflow Report
29/10/18	Quarterly Activities Report
17/10/18	Notice of Annual General Meeting
10/10/18	Update on Funding Agreement and Issue of Shares
01/10/18	Appendix 4G
01/10/18	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. Copies of all documents released by the Company to the ASX are available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

### 10.3 Market price of Shares

The highest, lowest and last market sale prices of the Shares on ASX during the three (3) months immediately preceding the date of lodgement of this Prospectus with the ASIC and the last respective date of those sales were:

	Price	Date
Highest	0.4 cents	14-16 and 21 November 2018
Lowest	0.2 cents	18 December 2018, 7, 11, 14, 16 and 30 January 2019
Last	0.2 cents	8 February 2019

### 10.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the two (2) years preceding lodgement of this Prospectus with the ASIC, any interest in:



- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) to a Director or proposed Director as an inducement to become, or to qualify as, a Director; or
- (b) to a Director, proposed Director or Relevant Person for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

#### **Directors' Interests in Securities**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement under the Offer, is set out in the table below.

Director	Current Holdings		Offer Entitlement		Total Subscription Price (\$)
	Shares	Options	Shares	Options	
Randal Swick	414,336,224 <sup>1</sup>	Nil	414,336,224	207,168,112	\$828,336
Brian Thomas	Nil	Nil	Nil	Nil	Nil
David Symons	3,387,433	Nil	3,387,433	1,693,716	\$6,775

**Note:**

- 750,000 Shares are held by Randal Swick, 275,250,000 Shares are held by Randal Swick's wife Marcia Swick and the remaining 138,366,224 Shares are held by Savvy Capital Management Pty Ltd as trustee for the Savvy Family Trust. Marcia Swick is the sole shareholder in Savvy Capital Management Pty Ltd and together with Randal Swick comprise all of the directors of the Company. Randal and Marcia Swick are beneficiaries of the Swick Family Trust.

The Board recommends all Shareholders participate in the Offer and advises that all Directors with an Entitlement intend to participate for portion of their Entitlement.

#### **Remuneration**

The remuneration of an executive director is decided by the Board, without the affected executive director participating in that decision-making process. The total maximum remuneration of non-executive directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules as applicable. The determination of non-executive directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive director. The current amount has been set to not exceed \$200,000 per annum.

A director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2016/17 (Actual)	2017/18 (Actual)	2018/19 (Proposed)
Randal Swick	218,400	218,400	218,400
Brian Thomas	3,500	42,000	42,000
David Symons	20,000	42,000	42,000

**Notes:**

1. This does not include any reimbursements that the Directors may receive for work related expenses or any issue of incentive securities.

## 10.5 Drilling Business

The Company is considering various options to divest or wind up its fully owned subsidiary, Cougar Brasilia Pty Ltd which owns the Brazilian drilling business.

This sale is intended to simplify the corporate group structure and is consistent with the Company's strategy to focus on the development of its existing mineral exploration projects and the evaluation & acquisition of new opportunities to add value for Shareholders.

The independent Directors are in early stage discussions with Mr Randal Swick regarding a proposal to sell Cougar Brasilia Pty Ltd to Mr Swick for nominal consideration, noting that the subsidiary is in a net liability position and has no significant assets.

In the absence of a superior proposal and subject to independent expert advice and shareholder approval (if required) the independent Directors may negotiate a sale contract with Mr Swick.

There is no guarantee that such negotiations will result in a legally binding agreement. If a binding agreement is reached the Company will announce the material terms of the agreement to ASX.

## 10.6 Brazil Project

On 6 February 2019, the Company announced to ASX that it had entered into a New Memorandum of Understanding (MOU) with MMH Capital Ltd regarding the terms of the Ceara Lithium project in Brazil. Under the terms of the restructure, the Company and MMH will now vest their respective interests in the project into a new special purpose company, with the Company holding a 40% interest and contributing pro-rata to the expenses of exploration.

As part consideration for CGM's 40% interest CGM will:

- (a) Submit the 400-meter by 400-meter Soil geochemistry samples for multi-element analysis at SGS Laboratory by 31 March 2019 and pay all fees associated with the analysis of the samples.
- (b) Submit a further 1500 soil samples (soil program to be approved by MMH) for analysis at SGS Laboratory by 31 September 2019 and pay all fees associated with the analysis of the samples.
- (c) Incorporate NEWCO-M in Mauritius (including payment of all associated fees) which shall be governed by a mutually agreed Shareholders Agreement (to be drafted by MMH). Initial shareholder registry of NEWCO-M will be 40% COUGAR and 60% MMH.
- (d) Prepare paperwork and pay all costs for the transfer of shares in Ceara Litio Mineracao Eireli to NEWCO-M.
- (e) Transfer management including all company books and records, passwords and log in details for any online services or accounts of Ceara Litio Mineracao Eireli to NEWCO-M once it is incorporated and provide guarantee that no financial or other liabilities remain and that there is a balance of 12500 BR\$ in the Ceara Litio Mineracao Eireli bank account. Cougar is to pay all management costs of Ceara Litio Mineracao Eireli until management is transferred.
- (f) Commission Sahara Natural Resources (SNR) to undertake the NI43-101 FINAL DRAFT report for a fixed cost of 20,000US\$ (Exclusive of site visit costs for CP which will be at cost of COUGAR). This cost will be paid by COUGAR to MMH within 10 days of on the sale of the project.

If CGM does not comply with the obligations above, there will be a failure of consideration for the 40% interest and the following remedies will apply:

- (g) Failure to deliver to SGS Laboratories for analysis (and subsequently fund analysis) 400 x 400 grid soil samples by March 31, 2019 – Cougar returns all interest in the project to MMH.
- (h) Failure to deliver to SGS Laboratories for analysis (and subsequently fund analysis) a further 1500 soil samples by September 30, 2019 – Cougar reduces interest in the project to 25% returning 15% of its interest to MMH.
- (i) A failure to deliver the required number of samples to SGS Laboratories by the dates required by the MOU will trigger a return of Cougars 40% interest to MMH.

The parties agree to enter into a shareholders agreement for NEWCO-M which will include a first right of refusal if the other party intends to sell, a tag along right, pro-rata contributing to holding costs.

## **10.7 Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the two (2) years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

EMK Lawyers has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay EMK Lawyers \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, EMK Lawyers has been paid nil fees for legal services provided to the Company.

## **10.8 Consents**

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

EMK Lawyers has given its written consent to being named as the solicitors to the Company in this Prospectus and have not withdrawn their consent prior to the lodgement of this Prospectus with the ASIC.

Bentleys Audit & Corporate (WA) Pty Ltd has given its written consent to being named as auditor to the Company in this Prospectus, and to the statements in this Prospectus attributable to the auditor in the form and context in which they are included and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Randal Swick, Marcia Swick and Savvy Capital Management Pty Ltd have each given their written consent to be named in this Prospectus, and to the statements in this Prospectus attributable to them in the form and context in which they are included, and none of them have withdrawn such consent prior to the lodgement of this Prospectus with the ASIC.

## 10.9 Expenses of the Offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$31,868 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	8,562
Legal fees	10,000
Printing and distribution	5,000
Miscellaneous	5,000
<b>Total</b>	<b>31,868</b>

## 10.10 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## 10.11 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 (8) 9482 0580 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.cgm.com.au](http://www.cgm.com.au)

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

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## 11. Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**RANDAL SWICK**

**EXECUTIVE CHAIRMAN  
FOR AND ON BEHALF OF  
COUGAR METALS NL**

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## 12. Glossary

**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Shareholder who applies for Securities pursuant to the Offer, or a Shareholder or other party who applies for Securities pursuant to the Top Up Facility, or an investor who applies for Securities under the Shortfall Offer.

**Application** means an application to subscribe for Securities under this Prospectus.

**Application Form** means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

**Application Monies** means money submitted by Applicants in respect of Applications.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

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

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Associates** has the meaning given in section 12 of the Corporations Act.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**CHESS** means the Clearing House Electronic Sub-Register System operated by ASX Settlement Pty Ltd.

**Closing Date** means the date specified in the timetable set out in Section 2 of this Prospectus (unless extended).

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

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Convertible Note** means a convertible note on issue in the Company on the terms summarised in the Company's notice of meeting dated 23 July 2018 and released to ASX on that date.

**Contributing Share** means a contributing share in the capital of the Company partly paid up to 0.1 cents and which has an amount unpaid of 12.4 cents.

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

**Directors** mean the directors of the Company.

**Eligible Shareholder** means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Fully Subscribed** means that all Entitlements are taken up (including those to be sold by the Nominee on behalf of Ineligible Shareholders) on the assumption that no further Shares are issued by the Company prior to the Record Date (whether on the exercise of options or otherwise).

**Funding Agreement** means the agreement with Lind Capital Partners LLC announced by the Company to ASX on 6 June 2018.

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address in the Company's register of members is not situated in Australia or New Zealand.

**Issue Price** means \$0.002.

**Issued Shares** means issued Shares and Contributing Shares.

**Major Shareholder** means a member of the Major Shareholder Group.

**Major Shareholder Group** means Executive Chairman Randal Swick, his wife Marcia Swick and Savvy Capital Management.

**Offer** means the offer by way of the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

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

**Optionholder** means a holder of an Option.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Savvy Capital Management** means Savvy Capital Management Pty Ltd ACN 129 129 068.

**Securities** means Shares and Options.

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

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

**Share Registry** means the share registry of the Company as noted in section 1 of this Prospectus.



**Shortfall** means the Shares and Options not applied for under the Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in section 5.8 of this Prospectus.

**Shortfall Securities** means those Shares not issued pursuant to the Offer.

**Top Up Facility** means the facility described in Section 5.7.

**Voting Power** has the meaning given to that term in the Corporations Act.

**Voting Shares** has the meaning given to that term in the Corporations Act.

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