



**10 December 2019**

## **DNI SETTLEMENT UPDATE**

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Cougar Metals NL (**Cougar** or the **Company**) refers to its announcement dated 26 July 2019 in relation to a purported breach of a settlement agreement with DNI Metals Inc (**DNI**).

The Settlement Agreement provided for the suspension of payments to Cougar in the event of an alleged breach of the agreement. DNI made such an allegation 2 days prior to a payment deadline of CAD 250,000.

Cougar commenced an arbitration process challenging the legitimacy of the alleged breach, with a hearing held on November 18, 2019 and an award delivered on December 2, 2019 with clarification of the award delivered on December 7, 2019.

The arbitration award found that Cougar had in fact breached the Settlement Agreement by making disparaging remarks to a DNI shareholder regarding DNI's management, but the arbitrator found that DNI had not proven nor suffered any damages. DNI was ordered to pay Cougar CAD 4250 and the award also directed that the payment of CAD 250,000 from DNI to Cougar, due on July 25, 2019 to rectify a default, was due and payable on December 4, 2019.

As per DNI's market release of 8 December, 2019 DNI claims that all payments are suspended due to a second notice of default issued by DNI dated 5 November, 2019. The applicable clause in the Settlement Agreement states:

In the event that either Cougar or DNI breaches the terms of the Release, to be executed in the form attached in Schedule "A", or the confidentiality provisions in paragraphs 12-13 of this Agreement, the party alleging such breach shall give notice of the breach and, if not satisfied within seven days that the breach has been cured, may refer the dispute and claim damages or other relief, including injunctive relief, to the arbitrator appointed pursuant to paragraph 19, below. In the case of an alleged breach by Cougar, DNI shall be entitled to suspend, from the date of the notice of default, payment of the balance owing of the Settlement Amount pending determination of the dispute by the arbitrator. Any damages awarded to DNI may be set off against any remaining balance of the Settlement Amount.

**Cougar Metals NL** ABN 27 100 684 053

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DNI has failed to initiate arbitration to determine damages or seek other relief in relation to any alleged breach by Cougar and consequently there is no dispute pending determination by the arbitrator, and no suspension of any payments is applicable.

As DNI failed to make the payment on due on 4 December, 2019 to rectify its default on the payment due 22 June, 2019, the full remaining settlement amount of CAD 2.25M became due and payable.

Failing a new agreement being reached with the current management of DNI, Cougar will enforce this debt in the courts of Ontario and Madagascar.

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

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

*Executive Chairman*  
**COUGAR METALS NL**

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