COUGAR
METALS NL

ASX/Media Release
6 June 2018

Funding Agreement for issue of Convertible Notes and Ordinary Shares

- Cougar has executed a funding arrangement with The Lind Partners, LLC for funding of up to A$3.15 million
- Funding will be provided as a combination of the issue of Convertible Notes and ordinary shares

---

Cougar Metals NL (**Cougar** or **the Company**) (ASX: CGM) announces that the Company has entered into a funding agreement with the Australian Special Opportunity Fund, LP, an entity managed by New York based, The Lind Partners, LLC (Together, **Lind**) for funding of up to A$3.15 million over 2 years via convertible note placements and agreed monthly equity placements of ordinary shares.

Under the funding agreement, Cougar is to receive an upfront amount of $300,000 from an issue of one tranche of convertible notes with a face value of $360,000 within 5 business days of execution of the agreement (**First Closing**).

The second tranche of convertible notes (which will have a face value of $600,000) and the issue of the first tranche of placement shares to Lind are subject to the Company receiving shareholder approval. A notice of shareholder meeting will be provided in the coming weeks. All subsequent tranches of placement shares will be subject to shareholder approval to ensure Cougar has placement capacity available to satisfy such issue.

Cougar will also issue to Lind at First Closing: (1) 40 million unlisted options as partial consideration for entering into the funding agreement (each option is exercisable at $0.01 and expires 3 years after the issue date); and (2) 15 million ordinary shares which will be treated as collateral for the purposes of the funding agreement and will be credited or returned by the end of the agreement.

The funds received under the funding agreement will be applied towards exploration of the Company's Ceara Lithium project in Brazil, the Plateado Cobalt project in Chile, the Pyke Hill nickel cobalt project, repayment of specific debt, general working capital and for the acquisition of any prospective projects identified in the future.

The key terms of the funding agreement are summarised below.

Key Terms

The Convertible Notes

The funding agreement provides that two tranches of Convertible Notes will be issued by Cougar to Lind as follows:

Convertible Security	**Convertible Security Amount (funds to be received by Cougar)**	**Face Value of Note**
First	$300,000	$360,000
Second	$500,000	$600,000
	$800,000	**$960,000**

As noted above, the First Convertible Security will issued to Lind at First Closing and the Second Convertible Security will be issued subject to shareholder approval. A commitment fee of $35,000 is payable to Lind on issue of the First Convertible Security by way of set-off from the Convertible Security Amount. Accordingly, the Company will receive $265,000 under the First Convertible Security at First Closing.

Each convertible note is convertible into shares based on its face value at the time of conversion in accordance with the funding agreement. The possible convertible note conversion prices are detailed below.

All convertible notes issued to Lind will not be convertible for 90 days following the date of execution of the Agreement (**Lock-Up**). After the Lock-Up period has expired, Lind may, in its sole discretion, provide the Company on one day's notice, a conversion notice requiring the Company to effect a conversion of the convertible notes.

During the Lock-Up period, the Company will have the right to buy back the Convertible Security for the face value, or anytime thereafter at a 5% premium to the face value. After the Lock-Up period, Lind will have the option to convert the convertible notes and the conversion price that will be applicable to each conversion will be 90% of the average of three consecutive daily VWAPs, chosen by Lind, during the specified period prior to the conversion election, up to a maximum conversion amount of $100,000 in any calendar month. However, Lind can also elect to convert at any time up to 50% of the face value of the Convertible Notes at a premium conversion price of 130% of the average of each of the 20 daily VWAPs immediately prior to the execution date of the funding agreement.

The maximum number of shares that may be issued to Lind in relation to conversions of convertible notes is 192,000,000 shares (being, 72 million shares for the First Convertible Security and 120 million shares for the Second Convertible Security). Cougar will need to settle a conversion in cash if the number of shares on conversion of the convertible notes will exceed this number and if shareholder approval is not obtained to issue shares above that amount.

The Company's available placement capacity under Listing Rule 7.1 is 135,864,269 shares, which will be applied towards the agreement to issue the 40 million options to Lind, the 15 million collateral shares and the First Convertible Security (convertible into a maximum of 72,000,000 shares) as detailed above.

The term of the convertible notes is 24 months from execution of the funding agreement.

Share Placements

Cougar is to receive an initial base prepayment for shares of $50,000, along with subsequent amounts of between $25,000 to $250,000 from Lind in prepayments for shares, up to a maximum of $2.35 million over the term of the funding agreement. The base prepayment amount is $50,000 however, the Company may choose to reduce this amount to at least $25,000 by giving notice to Lind, or increase the amount to up to $250,000 with mutual consent. As noted above, the first tranche of placement shares to Lind is subject to the Company receiving shareholder approval and all subsequent tranches of placement shares will be subject to shareholder approval to ensure Cougar has placement capacity available to satisfy such issue.

On the 28th calendar day after the date of each prepayment for shares by Lind, the Company must issue shares to Lind to satisfy each prepayment, at the following purchase share price, at the election of Lind:-

- at 90% of the average of three consecutive daily VWAPs, as chosen by Lind, during a specified period prior to re-payment.
- at 130% of the average daily VWAPs during the 20 trading days prior to the funding agreement execution date (provided that Lind may not elect this purchase price for more than two tranches issues during the term).

A floor price has been agreed which limits the Company share purchase price by Lind to $0.005 per share. If the purchase price in relation to a prepayment will breach the floor price: (1) the Company may elect to settle the prepayment in cash by repaying 105% of the prepayment amount in lieu of issuing shares; and/or (2) the Company may terminate the funding agreement at its discretion at no further cost to the Company provided the Company has satisfied its obligations in relation to such prepayment. Lind may also elect to receive the relevant shares at the floor price in lieu of having such prepayment settled in cash.

The Company may also, on giving at least 10 days' notice to Lind before a prepayment is made, pause the operation of the funding agreement in respect of the monthly prepayments for a period of up to 3 months. If this occurs, all prepayments that would have been made during that 3 month period are cancelled and will not occur. The Company may only give a pause notice to Lind after at least 3 prepayment tranches have been made by Lind and the term of the funding agreement will be extended by the duration of the pause.

ENDS

Enquiries for further information regarding the Company's activities can be sent to info@cgm.com.au.

RANDAL SWICK
Executive Chairman