



EUROPEANCOBALT

14 November 2019

Mr Chris Hesford
Geologist, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Chris,

EUROPEAN COBALT LTD (ASX: EUC) – RESPONSE TO PRICE QUERY

We refer to your letter dated 19 September 2019 in relation to changes in the price of EUC's securities, and respond as follows:

- 1 *Is EUC aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?*

As announced to ASX on 20 September 2019, EUC has been in discussions with respect to a proposed material transaction (**Proposed Acquisition**), which has now reached an advanced stage of negotiations and will be disclosed to the market in the accompanying market announcement in accordance with its continuous disclosure obligations.

Although EUC is not aware of any loss of confidentiality regarding the Proposed Acquisition, it is possible that the trading in EUC's securities prior to entering into a trading halt on 20 September 2019 may in some part be explained by these negotiations. However, EUC is firmly of the view that such negotiations did not affect the trading activity in its securities prior to entering into the trading halt and that details of the Proposed Acquisition remain confidential, other than to the extent that they are being disclosed in this letter and the accompanying market announcement.

The Proposed Acquisition is of advanced mineral exploration projects located in the Charters Towers region of Queensland, which are considered to be highly prospective for gold.

EUC has sought in-principle advice from ASX with respect to the application of Listing Rule 11.1 to the Proposed Acquisition. ASX has determined that EUC will not be required to re-comply with Chapters 1 and 2 in order to complete the Proposed Acquisition, however it will be required to obtain shareholder approval under Listing Rule 11.1.2 due to the change in EUC's scale that would result from the Proposed Acquisition. It is also anticipated that EUC would be required to obtain shareholder approval for the purposes of item 7

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of section 611 of the Corporations Act due to the change in 'control' of EUC that would result from the Proposed Acquisition.

As these negotiations have now been finalised, EUC will, at the same time as this response, release the accompanying announcement to the market detailing the material terms of the Proposed Acquisition.

Further, EUC is of the strong belief that the trading activity in its securities prior to entering into the trading halt can be explained by the substantial increase in investor demand for junior resource stocks over the past few months.

Lastly, EUC notes that the trading activities relating to this price query was over a short period of time, notably being the last hour of trading on 19 September 2019. Accordingly, EUC considers that it was not afforded a reasonable period of time to assess the increased price and volume of trading in its securities prior to receiving the price query to assess whether or not confidentiality regarding the Proposed Acquisition had been lost. In any event, EUC placed its securities in a voluntary trading halt on 20 September 2019 and its securities have remained suspended since that date.

2 *If the answer to question 1 is "yes":*

a) *Is EUC relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?*

EUC has relied on Listing Rule 3.1A with respect to information on the Proposed Acquisition which is not otherwise disclosed in its response to question 1 and notes, however, that the Proposed Acquisition will be disclosed to the market at the same time as this response.

b) *Can an announcement be made immediately?*

Yes. These negotiations have now been finalised and a market announcement with respect to the Proposed Acquisition accompanies this response.

c) *If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?*

Not applicable. A market announcement with respect to the Proposed Transaction accompanies this response.

3 *If the answer to question 1 is "no", is there any other explanation that the*



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Entity may have for the recent trading in its securities?

Not applicable.

- 4 *Please confirm that EUC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

EUC confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

- 5 *Please confirm that EUC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EUC with delegated authority from the board to respond to ASX on disclosure matters.*

EUC confirms that its responses to the questions above have been authorised and approved by its board.

For further information please contact:

Robert Jewson

Managing Director

European Cobalt Ltd

rob@europeancobalt.com

Yours sincerely,

Oonagh Malone

Company Secretary

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19 September 2019

Ms Oonagh Malone
Company Secretary
European Cobalt Ltd
Suite 23, 513 Hay Street
SUBIACO WA 6008

By email: omalone@konkera.com.au

Dear Ms Malone

European Cobalt Ltd ('EUC'): Price Query

We note the change in the price of EUC's securities from a low of \$0.024 at the close of trading on Wednesday, 18 September 2019 to an intraday high of \$0.032 at the time of writing.

We also note the significant increase in the volume of EUC's securities traded today, 19 September 2019.

Request for Information

In light of this, ASX asks EUC to respond separately to each of the following questions and requests for information:

1. Is EUC aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
 - (a) Is EUC relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in EUC's securities would suggest to ASX that such information may have ceased to be confidential and therefore EUC may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that EUC may have for the recent trading in its securities?
4. Please confirm that EUC is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that EUC's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of EUC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AWST today, Thursday, 19 September 2019**. If we do not have your response by then, ASX will likely suspend trading in EUC's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does

not fall within the exceptions mentioned in Listing Rule 3.1A, EUC's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to EUC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance *Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that EUC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in EUC's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in EUC's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Chris Hesford
Geologist, Listings Compliance (Perth)