



Quarterly Activities Report for the quarter ended 30 September 2014

Cougar Metals NL is a Perth based exploration company listed on the Australian Securities Exchange (ASX: CGM).

During calendar year 2013 Cougar executed Option Agreements over two gold projects in the Shoal Lake region of Ontario, Canada; an area containing a number of past gold producers and significant exploration results.

In January 2013, Cougar entered into an option to acquire a 51% undivided interest in the Shoal Lake Gold Project containing the Mikado and Cedar Island historic mines.

In October 2013, Cougar entered into an option to acquire a 100% interest in the advanced Duport Gold Project hosting the Duport Gold Deposit and its historic mine.

Cougar's principal exploration focus is to advance the Duport Gold Deposit to a production decision.

The Company also operates a mineral drilling business in Brazil providing surface diamond, reverse circulation and RAB drilling services to the Brazilian mineral resource industry. The Company currently operates a fleet of 9 rigs.

In Australia, the Company holds the laterite nickel and cobalt mineral rights to the Pyke Hill prospect located 40km east of the Murrin Murrin Nickel operations in Western Australia. The prospect contains a Measured and Indicated Resources of 14.7mt @ 0.9% Ni and 0.06% Co. (March 2008).

Directors

Roger Hussey – Non Executive Chairman
Randal Swick – Managing Director
Michael Fry – Executive Director
Paul Hardie – Non Executive Director

Senior Management

Randal Swick – Managing Director
Michael Fry – CFO & Company Secretary
Johan Van der Stricht – COO
Paul Nagerl - Exploration Manager

Capital Structure

Shares on Issue: 665,268,524
52 week range: \$0.002 - \$0.006
Last Price (30/10/14): \$0.003
Market Capitalisation: \$1.995 million

Substantial Shareholders

Savvy Capital Management – 20.8%
Marcia Swick – 41.5%

HIGHLIGHTS OF THE FIRST QUARTER OF FY15

Canada Exploration

The Company is focused on the exploration and development of its advanced high grade gold projects at Shoal Lake in Ontario, Canada. The Shoal Lake West and Shoal Lake East projects lie adjacent to one another and are well located, close to the trans-Canadian Highway, power and the urban centres of Kenora and Winnipeg. Early production potential exists from the advanced Duport prospect with significant additional resource potential within the combined Project areas.

Shoal Lake West Gold Project (hosts Duport Gold Deposit)

- Partially developed with access from vertical shaft and a decline to 11 underground levels.
- Over 90,000 metres of surface and underground diamond drilling completed identifying a mineralised structure and culminating in a series of historic resource estimations (non-JORC).
- Work during the September 2014 quarter involved a field visit and a continuation of the desk top review of available data, planning of future work programs, and the establishment of working relationships to advance the project.

Shoal Lake East Gold Project

- Hosts the Cedar Island Mainland and Grano Zone gold deposits and the Mikado Mine gold mineralized zone.
- Exploration activities are suspended pending resolution of arbitration. Arbitration has been sought by Cougar to address alleged breaches of the option agreement by the Project's Vendor.
- An arbitrator has been appointed, with parties in the process of finalising their witness statements ahead of a hearing scheduled for the first quarter of 2015.

Sale of Brazilian Tenement Portfolio

- Agreements reached with parties to dispose of 100% of mining tenements in Brazil for USD \$3.25 million (net of transaction costs and liabilities). Proceeds to be received progressively over 2 years.
- Proceeds received to date total ~USD \$1.7 million.
- Further proceeds anticipated during December 2014 quarter.

Drilling Business

- Revenue from the provision of contract drilling services for the quarter ended 30 September 2014 was R\$3.214 million.
- Demand for RC drilling services is showing encouraging signs with three of the four RC rigs currently in work; however the overall level of activity in the Brazilian mining industry remains subdued.

ACTIVITIES REPORT

Cougar Metals NL (ASX Code: CGM) (“**Cougar**” or “**the Company**”) is pleased to provide its activities report for the quarter ended 30 September 2014.

EXPLORATION ACTIVITIES

Cougar’s exploration activities are centered around the recently acquired Shoal Lake West and Shoal Lake East gold projects in the northwestern Province of Ontario, Canada. Cougar also holds the Pyke Hill Nickel/Cobalt Project in Western Australia which it is seeking to advance.

Shoal Lake West Gold Project (Ontario, Canada)

Background

In October 2013, the Company entered into an Option Agreement with the Sheridan Platinum Group Limited (“Sheridan”) to acquire a 100% interest in the project. In accordance with the terms of the Option Agreement, Cougar can acquire a 100% undivided interest in the project by maintaining the property and making aggregate payments totalling CAD\$ 6.4 million over 4 years with Sheridan retaining a 3% NSR on production from the Duport Gold Deposit and a 1.5% NSR on production of deposits greater than 500,000 oz gold from the totality of the property other than the Duport Gold Deposit. The option has been assigned to Cougar’s wholly owned Ontario Corporation subsidiary, the Duport Gold Company Limited (“DGC”) whose singular focus is to advance the project to a production decision.

Project Summary and Description

Refer Appendix 1

Activities During the Current Quarter

Activities during the quarter involved a site visit and a continuation of the desk top review of available historical data, consisting of geological, environmental, engineering and processing reports and information. Activities during the quarter also involved the planning of future work programs and ongoing efforts at establishing working relationships to advance the project.

Shoal Lake East Gold Project (Ontario, Canada)

Background

In January 2013, the Company entered into an Option Agreement with Kenora Prospectors & Miners, Limited (“KPM”) to acquire a 51% interest in its project located in the Province of Ontario, Canada. This project area is located adjacent to the Shoal Lake West Gold Project and provides significant synergies in respect of exploration and development opportunities. The option has been assigned to Cougar’s wholly owned subsidiary Tycoon Gold Resources Inc.

The project is host to the past producing Mikado and Cedar Island mines, a portion of the advanced undeveloped Cedar Island Mainland Gold Deposit, and a number of other significant gold occurrences. These occurrences describe a number of gold mineralised trends on the property and provide significant potential for the development of a high grade gold production operation.

Following the execution of the option agreement and the first two option payments, the vendors failed to respond to the Company's reasonable requests to satisfy certain alleged breaches under the agreement. The Vendor also claimed that the Company was in default of payments resulting in the instigation of legal proceedings which have led to the acceptance of arbitration by KPM.

Project Summary and Description

Refer Appendix 1

Activities During the Current Quarter

Work on the Shoal Lake East Gold Project remains in suspension pending the outcome of arbitration.

Pyke Hill Project (Western Australia)

Background

The Pyke Hill Project is located 40km southeast of the Murrin Murrin Nickel Operation in Western Australia. Cougar holds the nickel and cobalt laterite rights to the project and in March 2008 published a Measured and Indicated Resources of 14.7 million tonnes grading 0.9% Ni and 0.06% Co for 131,621 tonnes of contained nickel metal (using a 0.5% Ni cut-off).

Activities During the Current Quarter

Work during the quarter involved a review of activity in the sector and region, and the review of information received from Independent Metallurgical Operations Pty Ltd (**IMO**) about potential processing options, new technologies, and potential suitors for joint venture or acquisition of the resource.

SUMMARY OF TENEMENTS AND CHANGES

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

Project	Tenement Reference	Interest held by Cougar at 30 June 2014	Changes during the quarter (acquisitions /disposals)	Interest held by Cougar at 30 September 2014
Pyke Hill Nickel (Australia)	M39/159	100%	-	100%
Alta Floresta Gold (Brazil)	8689/05	100%	(100%)	-
Alta Floresta Gold (Brazil)	282/06	100%	(100%)	-
Alta Floresta Gold (Brazil)	289/06	100%	(100%)	-
Alta Floresta Gold (Brazil)	6148/06	100%	(100%)	-
Alta Floresta Gold (Brazil)	6867/08	100%	(100%)	-
Alta Floresta Gold (Brazil)	6869/08	100%	(100%)	-
Alta Floresta Gold (Brazil)	7614/08	100%	(100%)	-
Alta Floresta Gold (Brazil)	7607/08	100%	(100%)	-
Alta Floresta Gold (Brazil)	7613/08	100%	(100%)	-
Alta Floresta Gold (Brazil)	7601/08	100%	(100%)	-
Alta Floresta Gold (Brazil)	7600/08	100%	(100%)	-
Alta Floresta Gold (Brazil)	7612/08	100%	(100%)	-
Alta Floresta Gold (Brazil)	12774/08	100%	(100%)	-
Alta Floresta Gold (Brazil)	8092/09	100%	(100%)	-
Alta Floresta Gold (Brazil)	9802/09	100%	(100%)	-
Alta Floresta Gold (Brazil)	12965/09	100%	(100%)	-
Alta Floresta Gold (Brazil)	15954/10	100%	(100%)	-
Alta Floresta Gold (Brazil)	1062/10	100%	(100%)	-
Alta Floresta Gold (Brazil)	1219/10	100%	(100%)	-
Alta Floresta Gold (Brazil)	2647/10	100%	(100%)	-
Shoal Lake Gold (Canada)	MH9	100%	-	100%
Shoal Lake Gold (Canada)	MH10	100%	-	100%
Shoal Lake Gold (Canada)	MH40	100%	-	100%
Shoal Lake Gold (Canada)	D259	100%	-	100%

During the quarter, paperwork finalizing the sale of Cougar Brasil Mineracao Ltda was processed resulting in the transfer of its mining tenements in Brazil.

CONTRACT DRILLING BUSINESS ACTIVITIES

Revenue for the September 2014 quarter was R\$3.214 million as compared with the previous quarter of R\$2.173 million, reflecting increased work activity.

During the quarter, the Company successfully negotiated three drilling contracts which resulted in five of its drill rigs being in work at quarter's end including three Reverse Circulation (RC) drilling rigs, one surface diamond drill rig and one air-core drill rig.

Work inquiries and opportunities have increased of late and the outlook for RC drilling services appears favorable.

Notwithstanding, the Brazilian mining industry remains subdued which is having an adverse impact on demand for drilling services.

CORPORATE UPDATE

Brazil Tenement Portfolio

In November 2013, the Company announced that it had reached agreements to sell 100% of its mining tenements in Brazil for USD \$3.25 million (net of transaction costs and liabilities) with proceeds to be received progressively over 2 years.

No further funds were received, nor anticipated under the agreed timetable, during the September 2014 quarter.

To date, a total of approximately USD\$1.7 million has been received pertaining to the sale of its Brazilian mining portfolio.

Shoal Lake West Gold Project

Pursuant to the Option Agreement, Cougar (via its 100% owned subsidiary Duport Gold Company Limited) can acquire a 100% undivided interest in the Shoal Lake West Gold Project by maintaining the property and making aggregate payments totalling CAD\$ 6.2 million over 4 years.

Pursuant to the Option Agreement, the next payment of CDN\$200k is due in June 2015.

Shoal Lake East Gold Project

Work under the Project is currently suspended pending the outcome of ongoing arbitration.

During the quarter statements of claim and supporting documents were exchanged between the parties, and witness statements are now being prepared. A hearing is scheduled for the first quarter of 2015, with a ruling from the Arbitrator anticipated in the second quarter of 2015.

Director Appointment

Michael Fry, the Company's current Chief Financial Officer and Company Secretary, was appointed to the Board of Directors in October 2014. Mr Fry is an experienced public company executive and director.

PROPOSED ACTIVITIES FOR THE FOLLOWING QUARTER

Exploration:

- Continuation of the desktop review of available data relating to the Duport Gold Deposit.
- Preparation of documents as necessary for arbitration in relation to the Shoal Lake East Project.
- Continuation of the review of processing options and potential suitors whilst maintaining in good standing the Pyke Hill Ni-Co project.

Drilling Division:

- Continue to seek new work opportunities.

For further information please contact the undersigned via email using r.swick@cgm.com.au or alternatively contact Michael Fry (CFO & Company Secretary) on +61 8 9226 5002.

Yours sincerely

COUGAR METALS NL



RANDAL SWICK

Managing Director

Competent Person Statements:

The information in this report that relates to Mineral Resources for the Pyke Hill Project has been compiled by Mr Paul Payne. Mr Payne, is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Runge Limited and has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Payne consents to the inclusion in this document of the matters based on his information in the form and context that the information appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this release that relates to geological information, exploration results and historical resource estimates for the Company's Canadian projects is based on information compiled by Mr Paul Nagerl and is in the view of Mr Nagerl an accurate representation of the data available for the project. Mr Nagerl is a member of the Association of Professional Geoscientists of Ontario and is engaged on a full time basis as the Company's Exploration Manager through his personal services entity, Nagerl Geological Services Inc, and is a director of the Company's Canadian subsidiaries. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Nagerl consents to the inclusion in this report of the matters based on information provided by him and in the form and context in which it appears.

APPENDIX 1: PROJECT DESCRIPTION AND SUMMARY – SHOAL LAKE GOLD PROJECTS

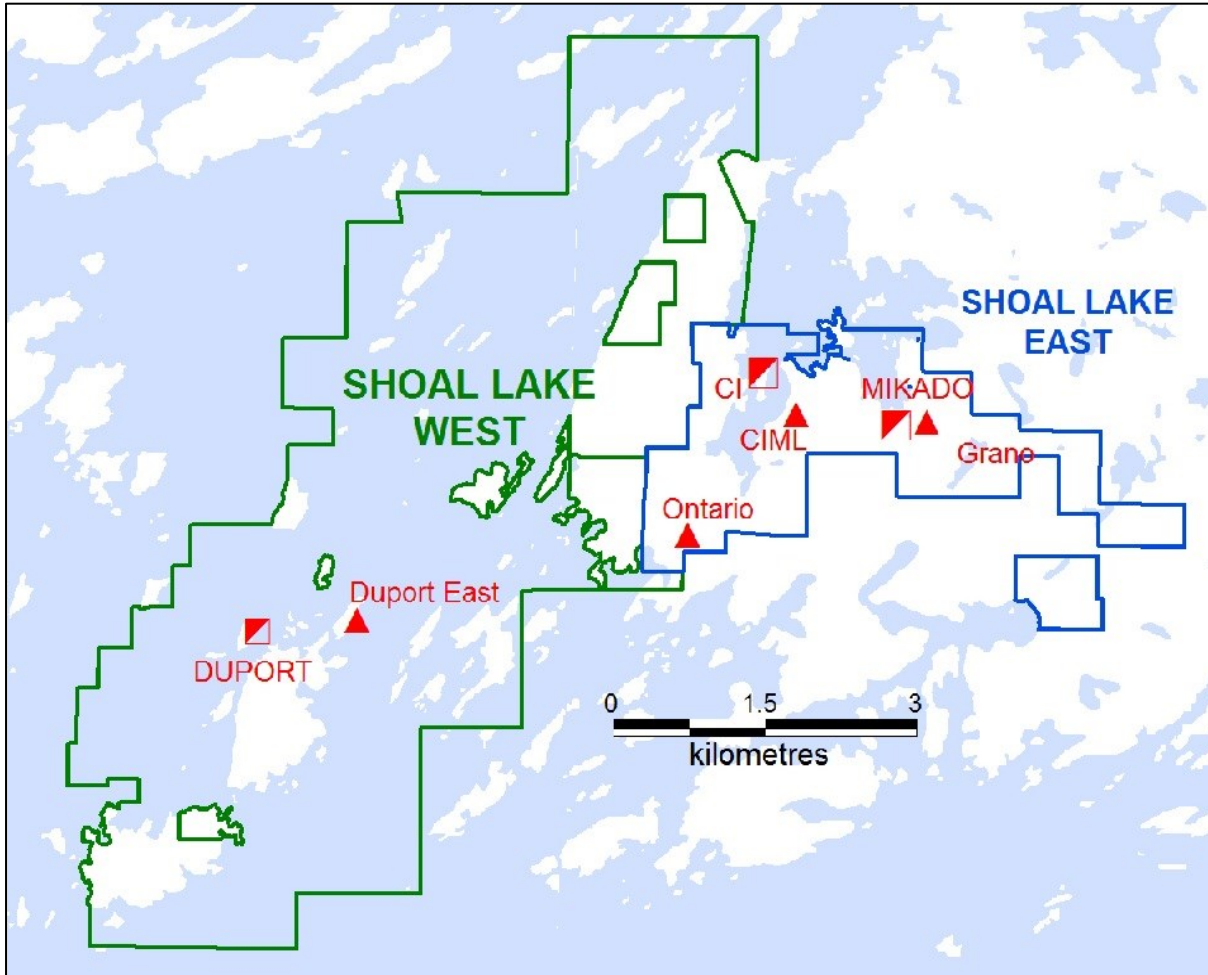
The Group is engaged in the exploration of its Shoal Lake Gold properties in the Province of Ontario, Canada. The properties lie adjacent to one another and together host three past gold producers and numerous quality gold occurrences. The current focus is the development of the Duport high grade gold deposit which lies within the Shoal Lake West property.



Location of the Shoal Lake project area in the north-western portion of the Province of Ontario

Discovery of gold in the Shoal Lake area was made during the late 19th century gold rush and led to the development of a number of gold deposits in north-western Ontario. At Shoal Lake, mining of gold commenced in 1893 and continued intermittently until 1936 when the regional focus changed to other developing gold belts within Ontario and in North America.

The Shoal Lake gold projects are situated on Shoal Lake, 15 kilometres south of the trans-Canada Highway between the Cities of Kenora and Winnipeg; and easily accessible year round. The properties are contiguous and comprised of patented mining lands, mining leases, mining licences of occupation, and staked claims. Surface rights are strategically included. Collectively the projects encompass the Duport gold deposit, Cedar Island Mainland (CIML) gold deposit, the historic gold producers of Mikado, Cedar Island (CI) and Duport mines, as well as a number of significant gold occurrences at Ontario, Grano and Duport East.



Outline of Shoal Lake projects properties and main gold occurrences.

The Group is currently engaged in the exploration and development of its advanced Shoal Lake gold projects under two option agreements.

1. The Shoal Lake West Project under option from Tough-Oakes Exploration Inc ("T-O") following an assignment from Sheridan Platinum Group.
2. The Shoal Lake East Project under option from KPM; currently subject to arbitration.

SHOAL LAKE WEST GOLD PROJECT

The Shoal Lake West property comprises 2,700 hectares in mineral rights and 249 hectares in selected surface rights.

The property has been subject to exploration and mining activities commencing in the late 19th century, including regional surveys and extensive diamond drilling resulting in the discovery of the Duport gold deposit and a number of significant gold occurrences. The gold mineralisation is associated with northeast trending parallel regional deformation zones that transgress the property along its 8 kilometre strike extent.

The primary focus of this project is the advanced and partially developed high grade Duport Gold Deposit which situated in the westernmost deformation zone.

Duport Gold Deposit

The Duport Gold Deposit was first discovered in 1896 and this was quickly followed by the sinking of a vertical shaft. Subsequent development occurred on 4 underground levels coincided with the production of high grade gold ore.

“During 1934-36, 1215 tons of high grade was shipped to smelters, yielding 4637 oz gold and 1142 oz silver ... from a small high grade lens” Drybrough 1944 ¹

Gold production from the Duport halted in 1936 and the property was only intermittently explored until its control came under Consolidated Professor Mines Limited (“CPM”) in 1973. CPM work on the property included a substantial amount of diamond drilling (in excess 90,000 metres from surface and underground) and new underground development on 7 levels accessed via a decline and culminated in a decision to proceed to production.

The Duport Gold Deposit comprises a series of subparallel ore lenses of high grade gold conformable to the regional northwest trending deformation zone and is known to extend over a drill indicated strike length of 1,800 metres.

Prevailing rock types underlying the Duport project area include felsic, mafic and ultramafic metavolcanics, and schists intruded by felsic dykes and sills. The predominant host to the gold is highly sheared and fractured tuffaceous interflow material containing sulphide mineralization in the form of pyrite and arsenopyrite with lesser pyrrhotite and chalcopyrite. The interflow rocks are interpreted to be conformable with surrounding volcanic sequences and their consistency and traceability is considered to be of great importance potentially leading to the discovery of additional gold deposits along strike.

Gold mineralisation at Duport is classified as epigenetic hydrothermal situated in the wide Cameron Island Deformation Zone. Its tenor is generally directly proportional to the percentage of arsenopyrite and associated pyrite, and the degree of silicification. Two similar parallel trending deformation zones adjacent to the east are also known to demonstrate gold potential and are included in the project area.

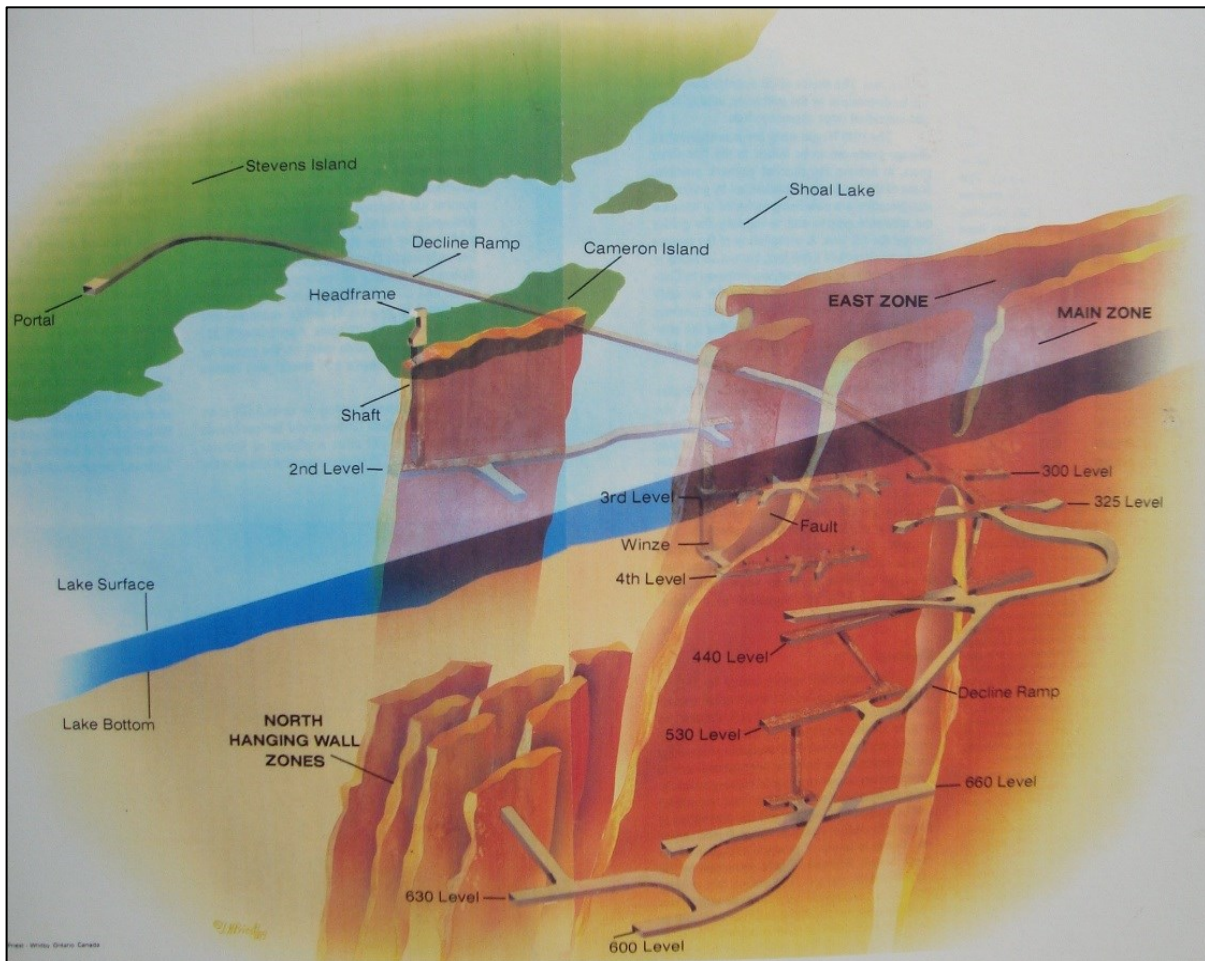
The gold occurs as free gold in association with sulphide and is known to contain a refractory component which responds well to conventional oxidation methods. Comprehensive test work by CPM, utilising several underground bulk samples, resulted with gold recovery percentages well into the 90s being achieved. The test work culminated in an engineered plant design.

CPM halted development operations in 1989 due to the prevailing economic environment and the necessity for a full environmental impact assessment thrust upon the company at that time. The underground workings have remained closed since.

Resource estimations were completed by CPM following each phase of exploration through to 1989. A subsequent resource estimation was completed by Roscoe Postle Associates Inc. ("RPA") in 2006. These estimations completed by both CPM and RPA are not JORC compliant.

Underground access for the Duport Gold Deposit is from an island on Shoal Lake. The lake straddles the Ontario - Manitoba Provincial border and is the supply of potable water for the City of Winnipeg. The Duport Gold deposit is located 13 kilometres from the City's water intake. A final development plan proposed by CPM located the ore processing facility onto the mainland in a different watershed.

Environmental work carried out by CPM (1979-1995) addressed the preservation of the existing water quality and traditional land use of the Shoal Lake watershed. Cougar intends to work closely with First Nation's to advance the project.



Diagrammatic view of historic underground development and interpreted mineralised zones

Historic Resource Estimations

Resource estimations were completed by CPM following each phase of exploration through to 1989. A subsequent resource estimation was completed by Roscoe Postle Associates Inc (“RPA”) in 2006.

Pursuant to ASX Listing Rule 5.12.9, Cougar provides the following cautionary notes:

1. The resource estimations completed by both CPM and RPA are not JORC compliant.
2. A competent person has not yet done sufficient work to classify the historical estimates as mineral resources or ore reserves in accordance with the JORC Code.
3. It is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code.

These historic resource estimations demonstrate the high grade nature of gold mineralisation at Duport and are expected to be supported following a JORC compliant resource calculation. Cougar is currently compiling the available historic information in order to complete a JORC compliant resource estimation.

The CPM resources estimations illustrate the evolution of the Duport Gold Deposit from 1980 through to 1989. These utilised the block tonnage method and the following criteria:

- 1980-81 estimates used a cut-off grade of 0.15oz/t (4.7g/t) Au over 4.0ft (1.22m) and cut individual assays to 1.00oz/t (31.1g/t) Au.
- 1982-89 estimates used a cut-off grade 0.15oz/t (4.7g/t) Au over 4.0ft (1.22m) and cut intersection to 1.00oz/t (31.1g/t) Au.
- 1989A estimation used block tonnage for true width weighted average and the 1989B estimation used block area for true width weighted average.
- Intersections equal to or greater than the cut-off grade were allowed a maximum horizontal influence of 50ft (15.2m) and maximum vertical influence of 75ft (22.9m) in both directions. Distances less than 100ft (30.4m) horizontally and 150ft (45.7m) vertically between holes were halved for block boundary positioning.
- True widths for intersections were calculated.
- A 10% zero grade dilution factor was applied and is considered to be conservative as a number of intercept shoulders invariably carry traces of gold.
- 1980-86 tonnage factor of 11.5 ft³/ton and 1987-89 tonnage factor of 11.0 ft³/ton.
- A 50ft (15.2m) crown pillar allowance was used below the assumed bedrock.
- The Association of Professional Engineers of Ontario guidelines were followed to distinguish the categories of the gold bearing blocks whereby:
 - Proven for underground development heading blocks
 - Probable for contiguous drill indicated blocks
 - Possible for non-contiguous drill indicated blocks
 - Inferred for non-drill indicated blocks based the weighted averages for each bounding blocks
 - Waste for areas with drill holes having low values.

The “Proven” and “Probable” resource categories above relate most favorably with the JORC “Measured” and “Indicated” resources categories. The “Possible” and “Inferred” resource categories used above relate most favorably with the JORC “Inferred” resource category.

Table of CPM Resource Estimations

Year	Tonnes	Avg Width m	Avg Au g/t	% Prov & Prob	% Pos & Inf	Global Au oz
1980	627,385	2.62	12.9	39.9	60.1	260,032
1981	694,847	2.74	12.8	43.8	56.2	284,929
1982	1,851,445	2.92	11.4	24.1	75.9	673,487
1983	1,747,465	2.96	11.7	33	67	654,925
1985A	1,311,095	2.77	11.4	47.6	52.4	476,928
1985B	1,221,936	2.56	11	48.5	51.5	431,025
1986A	1,374,006	2.5	11.7	49.2	50.8	514,958
1986B	1,387,148	2.5	11.7	49	51	519,884
1987A	1,713,238	2.31	12.3	48.1	51.9	679,868
1987B	1,755,960	2.65	11.4	48.1	51.9	645,358
1988	1,887,768	2.28	12	47.8	52.2	728,318
1989A	1,827,311	2.28	12	50	50	704,993
1989B	1,827,311	1.8	12	50	50	704,993

CPM's final resource estimation in 1989 utilised the information from 442 drill hole intersections, 9 underground levels, and 3 raises.

RPA completed its resource estimation under National Instrument (NI) 43-101 which is the Canadian equivalent to the Joint Ore Reserves Committee Code (JORC Code) which regulates the publication of mineral exploration reports on the Australian Stock Exchange (ASX). RPA's resource estimation utilised the contour method resulting in an Indicated Mineral Resources of 424,000t averaging 13.40g/t Au for a total 182,000oz plus an Inferred Mineral Resource of 387,000t averaging 10.69g/t Au for a total 131,000oz; differing substantially from the earlier estimations reported by CPM. These mineral resource categories equate to the same categories under JORC.

RPA applied a 6.9g/t Au lower cut-off grade, 68.6g/t Au top cut grade, and 1.5m minimum width and used a tonnage factor of 11.0 ft³/ton (2.91g/cm³) referring to this determination in the final 1989 CPM resource estimation. The RPA estimation was based on 81,391m of drilling including 7,054m drilled in 2005. It appears that RPA did not have access to a complete dataset from underground mapping and sampling.

A review of the sampling methods applied and the assay protocols utilised indicate a systematic approach with acceptable quality control and assurance protocols being applied providing confidence to the reliability of the data.

Cougar is currently compiling the historic information and creating a database in order to calculate a JORC compliant resource estimation for the Duport Gold Deposit.

Cougar intends to focus its efforts on the existing gold resources to proceed to a mining decision.

SHOAL LAKE EAST GOLD PROJECT

The Shoal Lake East property comprises mineral rights and surface rights in 28 patented mining claims totalling 637 hectares under option from KPM. Under the terms of this agreement, Cougar has the option to earn a 51% interest in the properties by making scheduled payment over five years totalling CAN\$ 5.875 million and completing a work program to extract a bulk sample from the Cedar Island Mainland gold deposit.

The property has undergone substantial exploration activity and holds the past producers Mikado and Cedar Island mines as well as a number of significant gold occurrences defining a series of semi-parallel convergent mineralized trends. The primary focus of this project is the advanced Cedar Island Mainland (CIML) gold deposit which is the mainland continuation of the historic Cedar Island mine.