

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

In November 2016 Cougar executed a LOI to acquire up to 100% of the Toamasina Saprolitic Graphite Project 50km south of the port city of Toamasina, in Madagascar. The project covers approximately 43.75 sq kms with high quality graphite mineralisation identified from trenching. The project provides an opportunity to develop, in the short term, a low capex, low cost graphite producing operation.

In August 2016 Cougar executed a LOI to acquire an 85% interest in the Ceara Lithium Project, located in north-eastern Brazil. The Project comprises 35 tenements with an area of ~60,000Ha covering the historical lithium mining centre at Solonopole and an area encompassing the Cristal pegmatite swarm.

In addition, Cougar holds an option to acquire a 51% undivided interest in the Shoal Lake Gold East Project, located in the Shoal Lake region of Ontario, Canada; an area containing a number of past gold producers and significant gold mineralisation. Work on the Project is suspended pending the Project vendor complying with arbitration orders.

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 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.

Directors

Randal Swick – Executive Chairman
Michael Fry – Executive Director
David Symons – Non Executive Director

Senior Management

Randal Swick – Managing Director
Michael Fry – CFO & Company Secretary

Capital Structure

Shares on Issue: 665,268,524
Market Capitalisation: ~\$6.6 million

Substantial Shareholders

Marcia Swick – 41.5%
Savvy Capital Management – 20.8%

RIG DISPATCHED TO MADAGASCAR

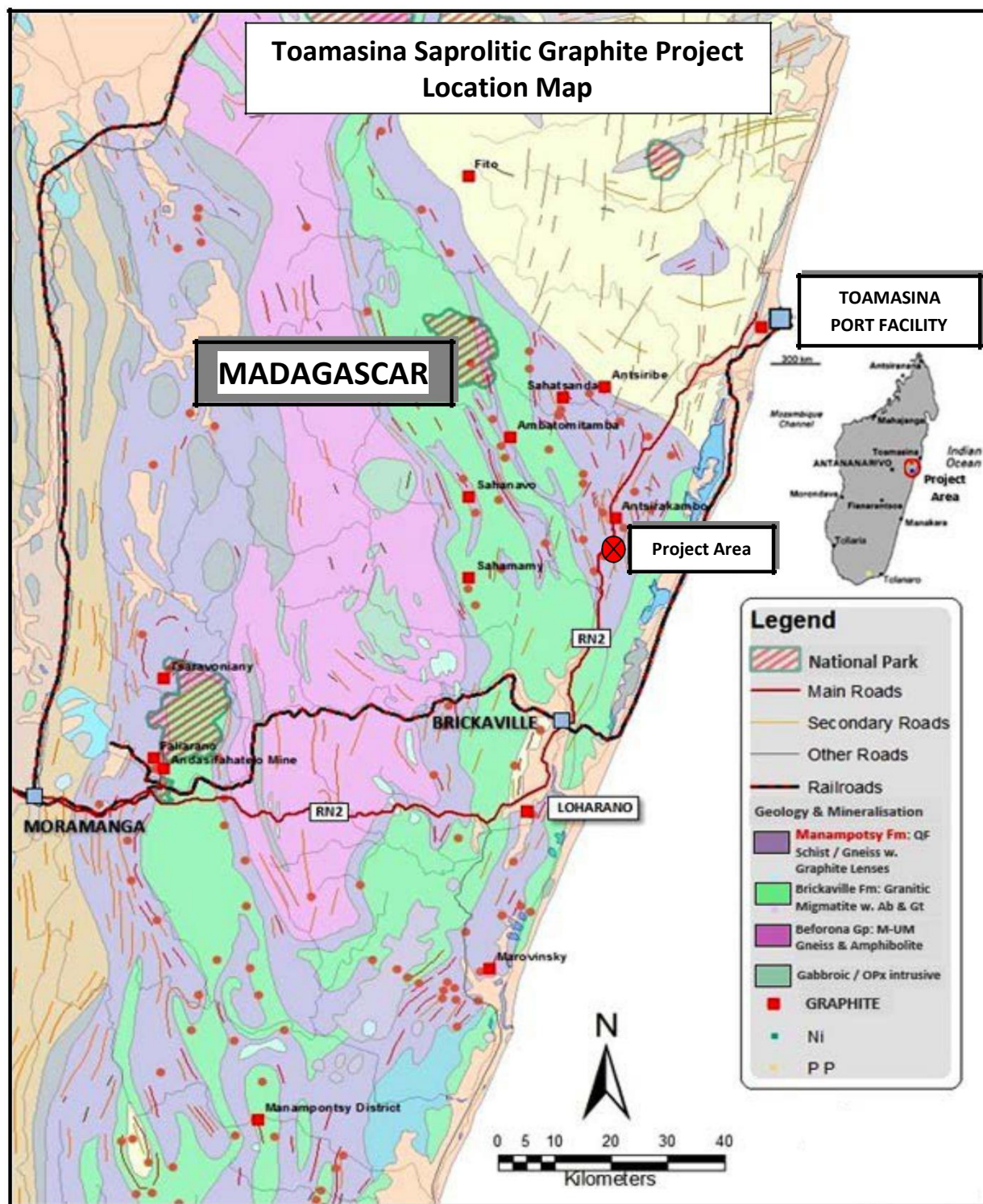
Cougar Metals NL (“Cougar” or “Company”) (ASX Code: CGM) is pleased to provide the following general update with respect to its “*Toamasina Saprolitic Graphite Project*” located in east central Madagascar.

- RC Drill Rig dispatched from Brazil on route to Madagascar; expected to arrive in country in early March 2017.
- Drill program expected to commence mid-March 2017 and aims to test depth and overall size potential of mineralized ore body identified from at-surface trenching work conducted by JV partner during 2015.
- Drill program to consist of approximately 100 holes at for a total of 3,500 metres.
- Sahara Mining Services have been engaged to complete a NI43-101 resource estimate following the drill program.
- Independent Metallurgical Laboratories engaged to perform assaying and metallurgical test-work.
- Community consultation program instigated resulting in community support for the exploration and mining activities.



Toamasina Sapolitic Graphite Project

The Project is located in east central Madagascar, approximately 50 km south-southwest of the deep-water port city of Toamasina and approximately 50km North of Bass Metals' (ASX code: BSM) operating Loharano graphite mine.



Location map of Toamasina Sapolitic Graphite Project

Project Characteristics

Cougar has identified a number of advantageous qualities of the Toamasina Saproplitic Graphite Project which provide Cougar with the opportunity to develop a low cost, high quality graphite operation in an area known for its historical production of high quality graphite.

These qualities include:

- 43 sq Km landholding.
- Well located with a major highway traversing the property and only 50km south-west of the deep water port and city of Toamasina.
- Project is fully permitted for mining.
- Graphite previously mined from Project area.
- Work performed to date has identified near-surface mineralisation extending over 3km.
- Trenching performed over an area of 900 metres x 300 metres has returned total graphitic carbon grades of up to 25%, and averaging approx. 7%.
- Preliminary metallurgical test-work has returned >60% Large and Jumbo Graphite Flake.
- Graphite mineralisation comprises disseminated crystalline graphite hosted within weathered low-silica meta-sediments; expected to lead to low mining and processing costs
- Temperate/sub-tropical climate – all year accessibility.

Work to Date

Mineralisation has been identified over a combined 3km strike length from visual examination of near surface samples (< 1m from surface). The mineralisation follows a distinct ridge in the area varying in elevation from 40m to 110m AMSL.

Small pits less than 2m in depth were dug to inspect for mineralisation, which is easily identified visually on account of the high % content of large flake graphite.

This confirms the potential of the project to host a high margin / low-cost mining operation. Mineralisation most often occurs on topographic highs and generally within 1m of surface. The near surface and weathered style of mineralisation leads to significantly reduced costs associated with mining and processing.

A trenching, surface sampling and test pitting program was conducted on the Toamasina Project in 2015. Trenches were targeted from field observation in conjunction with man-portable ground EM and magnetics along cut lines (using GPS control).

Key Terms

A LOI has been executed between Cougar and the Vendor.

The key the terms of the LOI are:

- Payment of AUD \$100,000 within 45 days – completed.
- Subject to the preparation of a Definitive Agreement – commenced.
- Payment of AUD\$200,000 following conclusion of 500m of drilling or within 3 months of execution of definitive agreement, whichever the earlier
- Complete a Preliminary Economic Assessment (PEA) in accordance with NI 43-101 by June 30, 2017.
- Cougar to make payment on behalf of the vendor of USD 150,000 on June 12, 2017 unless Cougar has withdrawn from the agreement by April 12, 2017.
- Upon the conclusion of the PEA one of the four following scenarios will eventuate -
 - A 50/50 Joint Venture shall be formed should the Vendor secure offtake agreements allowing the construction of a 10,000 tpa plant through debt funding failing which
 - Cougar shall acquire 100% of the Project by payment of AUD 2.5M to the vendor failing which
 - The Vendor shall acquire Cougar's interest by payment to Cougar of AUD 2.5M or
 - Cougar shall retain a 49% interest in the project.

A formal agreement will be prepared to document the terms of the LOI.

We welcome enquiries for further information. Please contact the undersigned via email at r.swick@cgm.com.au or alternatively contact Michael Fry (CFO & Company Secretary) on +61 8 9381 1755.

Yours sincerely

COUGAR METALS NL



RANDAL SWICK

Executive Chairman

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of Cougar Metals NL, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

Competent Person Statement

The information in this report that relates to Exploration Results or Minerals Resources in relation to the Toamasina Saprolitic Graphite Project is extracted from an ASX Announcement dated 16 November 2016, (see ASX Announcement – 16 November 2016 “LOI Executed over Madagascar Graphite Project”, www.cgm.com.au and www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Exploration Results or Minerals Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are represented have not been materially modified from the original market announcement.