



19 December 2017

Toamasina Graphite Project Update

Cougar Metals NL (“Cougar” or “Company”) (ASX: CGM) provides an update on various issues surrounding its earn in Agreement with DNI Metals Inc.

Permit Validity

Cougar has, on several occasions, requested from DNI Metals Inc (“DNI”) clarification as to the existence and validity of PE38642, as was warranted by DNI Metals Inc in the earn-in Agreement dated March 24, 2017.

Cougar sent requests to DNI on 3 November, 23 November, 12 December, 15 December and 18 December, 2017 with no response.

Cougar has now been advised by the Madagascan Mines Department (BCMM) that the permit covering the Toamasina Graphite Project (also known as the Vohitsara Graphite Project) is currently a PRE (Exploration Permit) in the name of Mamy Estelle Randrianasolo. This permit is currently in the process of being converted to a PE (Exploitative Permit) in the name of DNI.

As such, Cougar now believes that DNI has further breached the earn-in Agreement by falsely warranting that it already held a PE and, furthermore, that DNI cannot hold the requisite permits for many of the works, including drilling, that have been conducted on the property.

As detailed in Cougar’s ASX announcements of December 6th and December 11th, 2017 Cougar has elected to refer various issues regarding its Agreement with DNI Metals Inc to arbitration. As per the Agreement, the parties agreed that arbitration is to be managed by the London Court of International Arbitrators. DNI Metals was served the Notice to Arbitrate on December 6th, 2017.

Statement of Claim

In addition to the arbitration proceedings a Statement of Claim from Cougar’s employee, Amarildo Moura, and Cougar’s Executive Chairman, Randal Swick has been lodged with the Canadian Courts and served upon DNI Metals and is in the process of being served upon its directors.



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The Statement of Claim related to the alleged false arrest of Mr. Moura, and the attempted arrest of Mr. Swick utilising false allegations to the police, by DNI Management in Madagascar. The Statement of Claim also alleges that the Company and its directors, at the least, failed to withdraw the charges against Mr. Moura and Mr. Swick after being advised that the claims were not based on fact.

The charges against Mr. Moura were made on October 3, 2017 and he was arrested that afternoon and removed from the work site in handcuffs. Mr. Moura was then held for questioning and after three days, and following his refusal to sign a prepared confession prepared by DNI, transferred to the jail in the city of Toamasina DNI's request. The charges against Mr. Moura were eventually withdrawn by DNI on October 27, 2017, immediately prior to Mr. Moura's hearing.

The charges against Mr. Swick remain in place despite DNI advising Cougar that an instruction for its withdrawal had been issued.

For further information please contact the undersigned via email at r.swick@cgm.com.au

Yours sincerely

COUGAR METALS NL

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

RANDAL SWICK

Executive Chairman