



Quarterly Activities Report for the quarter ended 31 December 2015

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

In January 2013, Cougar entered into an option to acquire a 51% undivided interest in the Shoal Lake Gold East Project containing the Mikado and Cedar Island historic mines. The Project is located in the Shoal Lake region of Ontario, Canada; an area containing a number of past gold producers and significant exploration results.

The option agreement is currently the subject of arbitration.

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

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
52 week range: \$0.001 - \$0.003
Last Price (28/1/16): \$0.001
Market Capitalisation: \$0.665 million

Substantial Shareholders

Marcia Swick – 41.5%
Savvy Capital Management – 20.8%

HIGHLIGHTS OF THE SECOND QUARTER OF FY16

Canada Exploration

- All exploration activities remain suspended at the Shoal Lake East Project pending resolution of arbitration proceedings. Arbitration was initiated by Cougar to address alleged breaches of the option agreement by the Project's Vendor.
- Cougar has been advised in writing by the arbitrator that his ruling will be handed down during February 2016.

Sale of Brazilian Tenement Portfolio

- Legal action continues in relation to the recovery outstanding monies of approximately US\$1.2M owed in respect of the sale of Cougar Brasil Mineracao Ltda.

Drilling Business

- Revenue from the provision of contract drilling services for the quarter ended 31 December 2015 was R\$0.893 million.
- Demand for drilling services remains subdued due to low levels of activity within the Brazilian mining industry.
- Cougar is forecasting to have four rigs in work from February 2016. Whilst this represents an improvement upon recent activity levels, it is too early to construe the increased work activity as being demonstrative of a trend of improvement across the industry.

Corporate

- Cougar's Annual General Meeting took place on 30 November 2015 with all resolutions passed in favour.

ACTIVITIES REPORT

Cougar Metals NL (ASX Code: CGM) (“**Cougar**” or “**the Company**”) is pleased to provide its activities report for the quarter ended 31 December 2015.

EXPLORATION ACTIVITIES

Cougar’s exploration effort is focused on the Shoal Lake region, located in the northwestern Province of Ontario, Canada. Cougar also holds a Nickel and Cobalt Resource, located at its Pyke Hill Project near Leonora, Western Australia which it is seeking to sell or joint venture.

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. The option has been assigned to Cougar’s wholly owned Canadian subsidiary Tycoon Gold Resources Inc (Tycoon).

The project is host to the past producing Mikado and Cedar Island gold 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 Tycoon’s reasonable requests to satisfy certain alleged breaches under the agreement. The Vendor counter claimed that Tycoon was in default of payments, which has led to the instigation of arbitration proceedings.

Both parties have presented their written and oral arguments and a ruling is expected to be delivered in February 2016.

Project Summary and Description

Refer Appendix 1

Activities During the Current Quarter

Work on the Shoal Lake East Gold Project remains in suspension.

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

No new work was conducted during the quarter. The Company continues to seek a sale or third parties who may have an interest in participating in the Project.

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 September 2015	Changes during the quarter (acquisitions /disposals)	Interest held by Cougar at 31 December 2015
Pyke Hill Nickel (Australia)*	M39/159	Ni/Co rights - 100%	-	Ni/Co rights - 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%

* Cougar holds 100% of the Nickel and Cobalt Laterite rights in relation to the tenement, with tenement ownership to be transferred to Cougar upon the commencement of mining activities.

CONTRACT DRILLING BUSINESS ACTIVITIES

Revenue for the December 2015 quarter was R\$0.893million as compared with the previous quarter of R\$1.179 million, reflecting reduced levels of activity.

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 \$3.6 million (inclusive of transaction costs and offsets) with proceeds to be received progressively over 2 years.

The Group has received or offset ~US\$2.4 million pertaining to the sale of its Brazilian mining portfolio.

Tauari Holdings Ltda is currently in default of its payment arrangements in relation to the balance of purchase monies outstanding. Legal action is now being taken to recover outstanding monies of approximately US\$1.2M owed in respect of the sale of Cougar Brasil Mineracao Ltda.

Shoal Lake East Gold Project

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

As reported earlier, the arbitration is in progress, with both parties having provided final written and oral arguments.

Cougar recently received written advice from the arbitrator that the judgement will be handed down during February 2016.

Annual General Meeting

Cougar's Annual General meeting took place on 30 November 2015. All three resolutions being: (i) the adoption of the 2015 remuneration report, (ii) the election of Mr David Symons as a director of the Company, and (iii) the approval of a 10% enhanced placement facility were passed in favour.

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

Yours sincerely
COUGAR METALS NL



RANDAL SWICK
Executive Chairman and 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 Shoal Lake Project (Canada) is based on information compiled by Mr Paul Nagerl and was in the view of Mr Nagerl an accurate representation of the data available for the project. Mr Nagerl was, at the time of compilation of the information, a member of the Association of Professional Geoscientists of Ontario and was engaged on a full-time basis as the Company's Exploration Manager through his personal services entity, Nagerl Geological Services Inc. Mr Nagerl is no longer engaged by Cougar Metals NL or its controlled entities. Mr Nagerl 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 has previously consented to the publishing of this information in the form and context that the information appears.

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



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.

Shoal Lake is situated 15 kilometres south of the trans-Canada Highway between the Cities of Kenora and Winnipeg; and easily accessible year round. 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.