



12 November 2009

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Company Announcements Office
ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sirs

PLACEMENT & RENOUNCEABLE RIGHTS ISSUE

Cougar Metals NL ("**Company**") is pleased to announce that it will be making a placement and a pro rata renounceable rights issue ("**Rights Issue**") to raise a total of \$5,472,352 (before costs).

The funds raised under the placement and the Rights Issue will be applied to:

- Retiring secured debt;
- Assisting with the growth of the Company's Brazilian drilling business, Geologica Sondagens Ltda;
- Advancing exploration at the Company's prospective exploration projects in Brazil;
- General working capital; and
- Payment of costs and expenses associated with the capital raisings.

Patersons Securities Limited ("**Patersons**") will act as Lead Manager to the placement and as Underwriter to the Rights Issue.

PLACEMENT

The Company has received firm commitments from professional and sophisticated investors for the placement of 22,550,901 new fully paid ordinary shares ("**Shares**") at an issue price of 2.8 cents per Share, to raise \$631,425 (before costs).

The placement will be undertaken in accordance with ASX Listing Rule 7.1. Participants in the placement are eligible to participate in the Rights Issue.

The Company will apply for the quotation of Shares issued under the placement on ASX.

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RIGHTS ISSUE

Pursuant to the Rights Issue, the Company will issue 172,890,242 Shares at an issue price of 2.8 cents each to raise \$4,840,927 (before costs). The Rights Issue will be made to all registered shareholders as at the record date, being 5:00pm (WST) on 24 November 2009 ("**Record Date**").

The Shares will be offered on the basis of one (1) new Share for every one (1) existing Share held on the Record Date, and shareholders will be entitled to trade their rights to participate in the Rights Issue in accordance with terms and conditions outlined in the prospectus for the Rights Issue.

The Rights Issue is conditionally underwritten by Patersons. In addition, Mrs Rosanne Swick, a related party of the Company and the major secured creditor, has agreed to sub-underwrite the Rights Issue on a priority basis to the extent of her secured debt, the effect of which will be to extinguish in full the debt owed to Mrs Swick.

The Company will apply for the quotation of Shares issued under the Rights Issue on ASX.

A prospectus relating to the Rights Issue is expected to be lodged with ASIC and ASX on Friday, 13 November 2009 and will be available after lodgement on the ASX website www.asx.com.au and also on the Company's website www.cgm.com.au.

For further information, please contact:



RANDAL SWICK
Executive Chairman