



ASX ANNOUNCEMENT - 29 September 2009

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## ADDITIONAL LOAN FUNDING & RESTRUCTURE OF SECURED DEBT

**Cougar Metals NL (ASX:CGM) is pleased to announce it has secured an additional \$250,000 in loan funding for general working capital, and has reached an agreement to restructure its secured debt.**

As previously announced, the Company entered into loan agreements in 2008 with Mrs Rosanne Swick, mother of Managing Director Randal Swick, whereby Mrs Swick advanced a total of \$2.25 million to the Company to fund the purchase of two new drill rigs and support equipment for GeoLogica Sondagens, Cougar's mineral drilling business in Brazil, and to provide general working capital. The loans are secured by a first ranking fixed and floating charge over the assets of the Company, excluding any mining tenements held by Cougar or any of its related corporations.

In addition to the above, a further \$250,000 has been loaned to the Company by Mrs Swick. This additional funding has been rolled into the existing secured debt which has been restructured on the following material terms:

1. The principal of the restructured loan is \$2.5 million plus the interest which has already accrued on the earlier loans.
2. Interest will accrue on the outstanding loan at a rate equivalent to that charged by commercial banks on overdraft facilities of an equal amount.
3. Interest will be capitalised into the loan until 31 December 2010 and paid to Mrs Swick on that date or when the loan is repaid in full, whichever is the earlier.
4. The loan is secured by a first ranking fixed and floating charge over the assets of the Company, excluding any mining tenements held by Cougar or any of its related corporations.
5. The loan is repayable in the following manner:
  - a. Cougar may elect to repay the loan (plus interest) in cash at any time on or before 31 December 2010 but if it elects to do so Mrs Swick will have 30 days to decide whether she wishes to be issued a convertible note on the terms set out below as repayment in full;
  - b. Mrs Swick may elect at any time on or before 31 December 2010 for the loan (plus interest) to be repaid by the issue of a convertible note on the terms set out below; and
  - c. If neither party makes an election as set out above, or if the required shareholder approvals are not obtained for the issue of the convertible note, the loan (plus interest) will become due and payable in cash on 31 December 2010.

It is anticipated that the loan (plus interest) will most likely be repaid via the issue of the convertible note (**Note**). The Company will seek shareholder approval in relation to the proposed issue of the Note to Mrs Swick at the appropriate time but, in any event, before the Note is issued.

The material terms of the proposed Note are as follows:

1. The Note will convert into fully paid ordinary shares in the capital of the Company (**Shares**) based on the outstanding face value of the Note at a price equal to the lesser of 10 cents per Share or 90% of the weighted average sale price of the Shares on ASX over the 10 trading days immediately prior to the conversion date.

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2. The Note may be converted into Shares on this basis at any time on or before 30 June 2011.
3. The Noteholder may elect to redeem the Note for cash at any time after 31 December 2010.
4. The Company may elect to redeem the Note for cash at any time by giving written notice to the Noteholder. Upon receipt of this written notice, the Noteholder will have 30 days to decide whether she wishes to convert the Note into Shares on the basis outlined above (provided the decision is made on or before 30 June 2011).
5. Interest will accrue on the outstanding face value of the Note at the rate of 12% per annum.
6. Interest will be capitalised until 30 June 2011 and paid to the Noteholder on 30 June 2011 or when the Note is either converted into Shares or redeemed in full for cash, whichever is the earlier.
7. If the Note is not converted into Shares or redeemed in full for cash by 30 June 2011, the outstanding face value of the Note will become due and payable to the Noteholder on 30 June 2011.
8. There are no voting rights attached to the Note until such time as it is converted into Shares, however, the Noteholder will have the same rights as holders of Shares to participate in pro rata issues (including rights issues) and distributions (other than dividend payments) to holders of Shares.
9. The Shares issued as a result of a conversion of the Note shall rank equally with all existing Shares on issue in every respect.
10. The Note will be unsecured.

Yours faithfully



**RANDAL SWICK**  
MANAGING DIRECTOR

**About Cougar Metals NL:**

Cougar Metals is a Perth based exploration company listed on the Australian Stock Exchange (ASX:CGM). The Company is focused on exploring the Alta Floresta Project in central west Brazil, where past production is estimated at five million ounces of gold. Cougar also operates provides a mineral drilling business in Brail, providing surface diamond, reverse circulation and RAB drilling service to the Brazilian mining industry.

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