

QUARTERLY REPORT FOR THE 3 MONTHS ENDED 31 MARCH 2009**(1 January 2009 to 31 March 2009)****THIRD QUARTER SUMMARY****Highlights of the Third Quarter*****Exploration***

- Geological mapping and sampling continues to support Porto Estrela as being a premium gold target in Cougar's Alta Floresta Project.
- During this quarter, rationalisation of Cougar's tenement holdings continued with a further 8956 hectares being surrendered. This brings the company's land holdings to approximately 233,000 ha. The company's strategy is to maintain only the most prospective ground within its project areas to minimise expenditure that is unlikely to provide a benefit to the company in the short term.
- Reduction in staff numbers and exploration expenditure in Brazil continued this quarter.

Drilling Business

- Cougar's wholly owned mineral drilling business GeoLogica Sondagens generated revenue of R \$1.643 (A \$ 1.054 m) million for the three months to 31 March 2009.

Corporate

- Appointment of Randal Swick, the Company's Managing Director, to the position of Executive Chairman following the resignation of Mr Mark Ceglinski.

Cougar Metals NL (ABN 27 100 684 053)**Share Details**
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CORPORATE ACTIVITIES

New Appointments

New Appointments

On 12 March 2009, the Board of Directors appointed Mr Randal Swick as Chairman of the Company, following the resignation of Mr Mark Ceglinski. Mr Swick is currently also the Managing Director of the Company.

Capital Raising and Additional Funding

No Capital Raisings were conducted during the quarter

Current Capital Structure

The Company's capital structure, as at the date of this report, is as follows:

Fully paid ordinary shares	150,339,341
Unlisted contributing shares	3,425,725
Unlisted options	1,000,000
Fully diluted shares	154,765,066

EXPLORATION ACTIVITIES

Alta Floresta Project

Background

The Alta Floresta Project is located within the Southern Amazon Craton in the northern part of Mato Grosso State in central west Brazil. The project comprises three (formerly four) discrete groups of tenements covering an area of approximately 2,330km² within a 330km long portion of the Alta Floresta gold belt, where records show past production exceeded 5 million ounces of gold. The three tenement groups are located in the Peixoto/Novo Mundo, Paranaita and Apiacas regions respectively.

The Alta Floresta Project has been subjected to negligible company level exploration activity since discovery, despite the substantial past gold production. The project offers significant potential for the discovery of large tonnage, disseminated gold deposits, as well as high-grade quartz-sulphide vein gold deposits. The potential for the big targets is evidenced by a recent +1Moz gold discovery 25km north of Cougar's Peixoto/Novo Mundo tenements, and by the widespread mineralisation now being outlined on the Porto Estrela Prospect in Cougar's Apiacas tenements.

Gold was first discovered in the Alta Floresta Mineral Province 30 years ago. Based on Government reports, past gold production within the Alta Floresta Gold Belt is estimated at more than 5 million

ounces. Virtually all of this gold was mined from alluvial material or weathered rock, stopping as fresh rock was encountered and gold recovery through gravity methods was no longer effective. Most mining ceased within the top 40m from surface. The main producers of gold in the region were local artisanal miners (“garimpeiros”) who worked surface gold-rich accumulations in creeks and drainages, and near surface, soft weathered clay rich zones, which yielded coarse gold.

Tenement Review

A major and thorough technical review of all the tenement areas held by Cougar in the Alta Floresta Gold Belt was completed in November 2008, and resulted in a decision to substantially reduce the tenement holding position, ultimately by about 60% of the area held or under application at that time. This determination and particularly its timing, was driven by the dramatic events occurring in world markets, and the recognition that exploration circumstances were changing markedly.

The review highlighted that the Porto Estrela Prospect at Apiacas is the outstanding target in the Cougar inventory at present. Based on the knowledge and data Cougar has gained through more than 4 years exploration work in the Alta Floresta district, it was determined to retain the core areas of past gold production as the areas most likely to contain new and potentially viable gold deposits. Thus, Apiacas, Paranaita and Novo Mundo-Peixoto remain as the core areas and ground held at Cabecas has been dropped. However, some tenements within the core areas were determined to be peripheral to the main areas and these too have been, or are in the process of being surrendered.

Prior to the review, Cougar held or had applications covering a total of 362,632ha or 3,632sqkm. The company has since surrendered some 33% of the total tenement area, or 1,300sqkm, and plans to complete surrenders for another 450sqkm May 2009. This will reduce the tenement holdings to an expected 1,880sqkm of premium gold exploration ground. The majority of the gold won from the historic shallow garimpeiro mining throughout this gold belt can still be attributed to the proposed retained core areas.

Tenement Renewals

The third quarter has seen renewals granted for all the tenements requested by Cougar in the Alta Floresta Project in Mato Grosso state in Brazil. This includes five of the total eight tenements which make up the Apiacas area and contains some of the highly prospective Porto Estrela prospect. The company still awaits the grant of many desirable tenement areas within the Peixoto Garimpeiro Reserve, with most of the granted tenements so far still being peripheral to the central areas.

Porto Estrela Prospect

Quotes for conducting airborne and ground geophysical surveys over the Porto Estrela Prospect in Apiacas have been obtained. The company’s initial desire is to secure a Joint Venture partner for the project and these opportunities are currently being explored prior to committing to any further geophysical or drilling programs. To this end Cougar continues discussions with interested parties to enter into a joint venture on all or parts of the Alta Floresta Project areas.

Pyke Hill Project

No new work was conducted during this period, but the Company continues to seek third parties who may have an interest in participating in the project in the future.

BRAZILIAN MINERAL DRILLING BUSINESS

Cougar's wholly owned mineral drilling business GeoLogica Sondagens experienced a better than expected 3rd quarter for the period 1st January – 31st March 2009 with income of R \$ 1.643 million (AUD \$ 1.050 million). After experiencing a rapid decline in demand for drilling services in the later part of 2008, coupled with the onset of the wet season in Brazil and the traditional holiday periods of Christmas, New Year and Carnival the forecast was for a slow 3rd quarter of financial year 2009.

As predicted revenue for the March 2009 Quarter was down 9% on the previous December 2008 Quarter, however this was offset somewhat by a reduction in costs for the period. By quarter end all rigs were fully utilised with the potential for contracts that extend beyond the financial year end.

Currently the drilling fleet is placed across the iron ore, phosphate and coal sectors. Both the coal and iron ore sectors are showing good signs of recovery with expanding drilling programs in the near future. GeoLogica Sondagens is continuing to make strong inroads into the iron ore sector with reverse circulation drilling.

Significant activities during the quarter were:

- ❑ Securing of contracts that has seen all of Geologica's in country rigs employed from mid March through to July 2009.
- ❑ The extension of an existing diamond drilling contract totalling a value of approximately R\$ 1.54 million, (AUD \$ 987,000). The new contract commenced in March and by the end of the quarter only R\$ 140,792 (AUD \$ 89,000) had been invoiced for this work.
- ❑ The award of a drilling contract in iron ore with a total value of R\$ 3.84 million (AUD \$ 2.46 million). To date, work to the value of R\$ 831,000 (AUD\$ 533,000) had been completed and invoiced.
- ❑ Award of a diamond drilling contract in the south of Brazil for a total of R\$ 962,000 (AUD \$ 617,000). Of this contract R\$726,000 (AUD\$ 465,000) had been invoiced by the end of the quarter.
- ❑ The award of a diamond drilling contract with a total value of R\$ 584,000 (AUD \$ 374,000). This work is scheduled to commence in May 2009.
- ❑ Importation plans for the company's new RC rig currently in South Africa were advanced during the quarter, in preparation for its importation in the 4th quarter 2009.
- ❑ No lost time injuries were recorded for the quarter

Exploration activity in Brazil continues to be severely affected due to the global economic crisis and softening of commodity prices. In addition, the months of January and February and March are traditionally quiet due to the high rainfall of the wet season, Christmas and New Year celebrations and Brazil's annual Carnival period. During the quarter GeoLogica Sondagens was pro-active in securing work by offering competitive rates, and minimising costs across the board.

Despite the quarter's income being 9% down on the previous quarter, 52% of the quarter's earnings were attributable to March income alone, indicating a rise in activity. This trend continued into April where an order intake of R\$ 1 million (AUD \$ 641,500) has been achieved for the month.

With tighter financial control on exploration budgets there will be an increased incentive for explorers to investigate lower cost and higher production RC drilling. GeoLogica Sondagens recognises this as an area of potential growth in times where funding is limited and is actively pursuing this market.

PLANNED ACTIVITIES FOR THE NEXT QUARTER

Alta Floresta Project

- Completion of a comprehensive Information Memorandum to provide to potential Joint Venture partners.
- Complete the remaining tenement surrenders and statutory technical reporting for the area reductions planned in the Alta Floresta Project.

Pyke Hill Project:

- Complete all statutory reporting requirements.
- Continue to seek interested third parties.

Mineral Drilling Business (GeoLogica Sondagens):

- Importation of the Company's second RC drilling rig into Brazil
- Relocation of office and workshops to larger premises
- Continue discussions with potential clients to secure work beyond the current financial year.

For further details please contact the undersigned on (08) 9381 1755:

For and on behalf of Cougar Metals NL



RANDAL SWICK
MANAGING DIRECTOR

Dated – 30 April 2009

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The information in this report that relates to exploration results is based on information compiled by the Technical Director of Cougar Metals NL, Mr Ian Herbison, who is a member of the Australian Institute of Geoscientists. Mr Herbison 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 2004 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Herbison consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.