



22 December 2009

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

Dear Sirs

### **RENOUNCEABLE RIGHTS ISSUE**

Cougar Metals NL ("**Company**") advises that its one (1) for one (1) pro rata renounceable rights issue ("**Rights Issue**") closed on Monday, 14 December 2009. The Company also advises that the underwriter of the Rights Issue, Patersons Securities Limited ("**Patersons**"), has elected to exercise its right to terminate the Underwriting Agreement entered into with the Company in connection with the Rights Issue on the basis of a technical breach, namely that the Company's share price closed below the issue price of 2.8 cents on a number of days during the offer period.

In view of this decision by Patersons, the Company has decided to terminate the Rights Issue and withdraw the Prospectus dated 16 November 2009 and the Supplementary Prospectus dated 27 November 2009. Accordingly, all monies received by the Company pursuant to the Rights Issue will be returned to shareholders on Tuesday, 22 December 2009 and no shares will be allotted under the Rights Issue.

### **Restructured Rights Issue**

After careful deliberation, and in consultation with Patersons, the Company is pleased to advise that the Board has resolved to restructure and re-price the proposed rights issue and will now proceed with a new offer to shareholders. The new offer is a renounceable pro rata rights issue at an issue price of 2.1 cents per Share on the basis of three (3) new Shares for every two (2) Shares held at the record date of 5:00pm (WST) on 6 January 2010 ("**Restructured Rights Issue**").

The Restructured Rights Issue is to be conditionally underwritten by Patersons. Full details of the underwriting will be set out in the prospectus for the Restructured Rights Issue. In addition, the Company is pleased to advise that Mrs Rosanne Swick, a related party of the Company and the major secured creditor and shareholder, remains supportive of the Company's endeavours and has agreed to sub-underwrite the Restructured 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 Restructured Rights Issue will result in the issue of up to 259,335,363 new Shares and will raise a total of up to \$5,446,042 (before costs). Shareholders will be entitled to trade their rights to participate in the Restructured Rights Issue in accordance with terms and conditions outlined in the prospectus for the Restructured Rights Issue.

The funds raised under the Restructured 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;
- Evaluation of new projects;
- General working capital; and
- Payment of costs and expenses associated with the Restructured Rights Issue.

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

A prospectus relating to the Restructured Rights Issue is expected to be lodged with ASIC and ASX on Wednesday, 23 December 2009 and will be available after lodgement on the ASX website [www.asx.com.au](http://www.asx.com.au) and also on the Company's website [www.cgm.com.au](http://www.cgm.com.au).

For further information, please contact:



**RANDAL SWICK**  
Executive Chairman