



ASX Announcement

31 May 2010

First US\$1M Advance Payment Received for Uruguay Contract

HIGHLIGHTS

- Receipt of First US\$1M of US\$2M advance payment.**
- Drilling rigs, associated equipment and consumables en route to Uruguay to commence 75,000m drilling program.**

Further to Cougar Metals NL's (ASX:CGM) (**Cougar** or the **Company**) ASX announcement on 1 April 2010, Cougar is pleased to announce that it has received US\$1 million of the US\$2 million interest-free loan to be advanced to the Company under the terms of the Memorandum of Understanding for the recently awarded 75,000m drilling program in Uruguay (**MOU**).

These funds will be used to assist in the acquisition and deployment of rigs and associated equipment to conduct the works. Cougar's South African built RC rig arrived in Uruguay on May 7 and awaits customs clearance. Two additional diamond rigs are now ready for importation from Chile. Works at the magnetite project are expected to commence within the next 2 weeks with the expected completion of works by December 31, 2010.

The Company anticipates the balance of the funds (being a further US\$1M) to be advanced upon commencement of the drilling program.

For further information, please contact the undersigned on (08) 9381 1755.

Yours faithfully

RANDAL SWICK
Executive Chairman

About Cougar Metals NL:

Cougar Metals NL is a Perth based exploration company listed on the Australian Securities Exchange (ASX:CGM). The Company is focused on exploring the Alta Floresta Gold Project in central west Brazil, where past production is estimated at five million ounces of gold. The Company also operates a growing mineral drilling business in Brazil and Uruguay, providing surface diamond, reverse circulation and RAB drilling services to the Brazilian and Uruguayan mining industries, and holds the mineral rights to the Pyke Hill JORC compliant Resource of 14.7mt @ 0.9% Ni and 0.06% Co.