ASX Announcement – 10 September 2010 No. of Pages: 5

High-Grade Gold Assays Returned From Channel and Bulk Samples at the Cidinha Prospect, Alta Floresta Gold Project, Brazil

- **Gold grades up to 800g/t in quartz veins highlight the high-grade nature of gold mineralisation at the Cidinha prospect**
- **High-grade gold results supported by assays from bulk samples weighing up to 330 kg**
- **Target strike length in excess of 650 metres, open along strike**

Cougar Metals NL (ASX:CGM) (**Cougar** or the **Company**) is pleased to announce results from trench mapping and sampling at the Cidinha prospect, in the Peixoto district of Brazil.

The samples were collected as part of ongoing target development work throughout the Company's Alta Floresta Project in Mato Grosso State, Brazil (see Figure 1). Since commencement, 17 out of 20 target areas have been mapped and sampled, with 7 of the 17 targets also being trenched. To date, 832 metres of trenching, mapping, rock chip and channel sampling have been completed and the Cidinha prospect has proved to be of particular interest. Cidinha is characterised by the **presence of high-grade gold mineralisation in quartz veins up to 1.2 metres wide with good continuity of mineralisation along strike**.

Historically, Cidinha was subjected to artisanal (garimpeiro) mining, as is evidenced by sporadic pitting developed over a strike length of 500 metres and up to 30 metres deep. Four shallow shafts have been worked to a maximum depth of 40 metres.

Mapping and trenching by Cougar has exposed a northeast-southwest striking shear hosting a 0.10 metre to 1.2 metre wide sulphide-quartz-vein within or close to the contact between sheared granite and a dolerite dyke. Cougar has sampled quartz veins over a strike length of 500 metres, however the structure has been mapped over a strike length of 650 metres and is open to the northeast and to the southwest.

Gold assays from the rock chip, channel and bulk samples confirm the high-grade nature of the Cidinha target, returning assay results from **1.72g/t up to 800g/t Au**. The assay results are detailed in Table 1, below.

Suite 32-35, Level 3, 22 Railway Road, Subiaco WA 6008
PO Box 745, Subiaco, WA, 6904
Phone: +61 (08) 9381 1755; Fax: +61 (08) 6102 1788
ABN 27 100 684 053
www.cgm.com.au

The Company is presently negotiating with the relevant land owners to enable unrestricted access to all parts of the prospect area as a precursor to commencing a 2,000 metre drilling programme to test the structure below and along strike from the old garimpeiro workings.

Sample No	Easting (mE)	Northing (mN)	Au (g/t)	Detailed Description
120024	26941	13156	**27.4**	0.45 m wide Quartz vein with 5% pyrite
120025	26941	13154	**20.8**	0.56 m wide Quartz vein with 5% pyrite
CPTR002	26999	13238	**200**	2 kg of 0.55 m wide quartz vein sample
CPTR002A	26999	13238	**14.0**	293 kg of 0.55 m wide quartz vein sample
120016	27053	13304	**4.23**	0.80 m wide Quartz vein with trace pyrite
CPTR001	27084	13340	**800**	2kg of 0.60 m wide quartz vein sample
CPTR001A	27084	13340	**21.0**	333 kg of 0.60 m wide quartz vein sample
120012	27141	13312	**4.92**	10 cm wide quartz vein
120019	27184	13578	**1.72**	1.20 m wide Quartz vein with trace pyrite
120018	27220	13572	**2.94**	0.35 m wide Quartz vein with trace pyrite
120001	27594	13704	**90.0**	Float Quartz vein fragments
120003	27594	13714	**49.0**	Float Quartz vein fragments
120002	27598	13716	**3.05**	Float Quartz vein fragments

Locations in Cidinha Local Grid

Table 1: Significant Rock Chip, Channel and Bulk Sampling Gold Assay Results, Peixoto District, Alta Floresta Gold Project

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

Yours faithfully

RANDAL SWICK
Executive Chairman

The information in this report that relates to exploration results is based on information compiled by Dr Christopher Stephens who is a consultant to the Company. Dr Stephens is Principal of CJ Stephens Consulting Pty Ltd is a member of the Australian Institute of Geoscientists (AIG) and the Australia Institute of Mining and Metallurgy (AusIMM). Dr Stephens 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". Dr Stephens consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

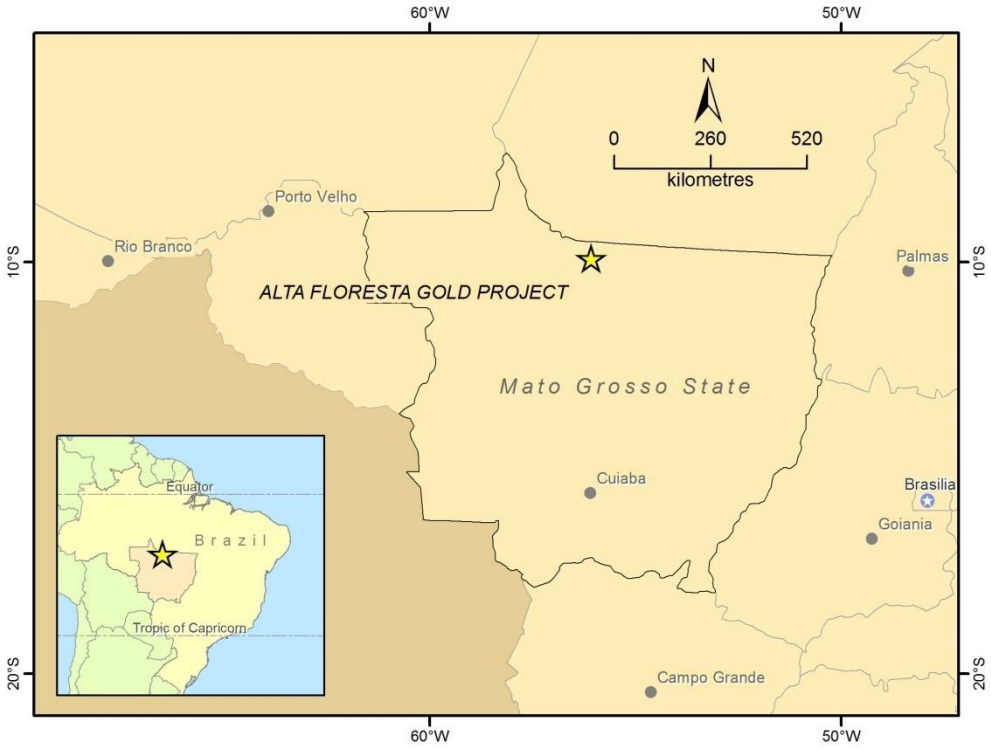

Figure 1: Location of Alta Floresta Gold Project, Mato Grosso State, Brazil

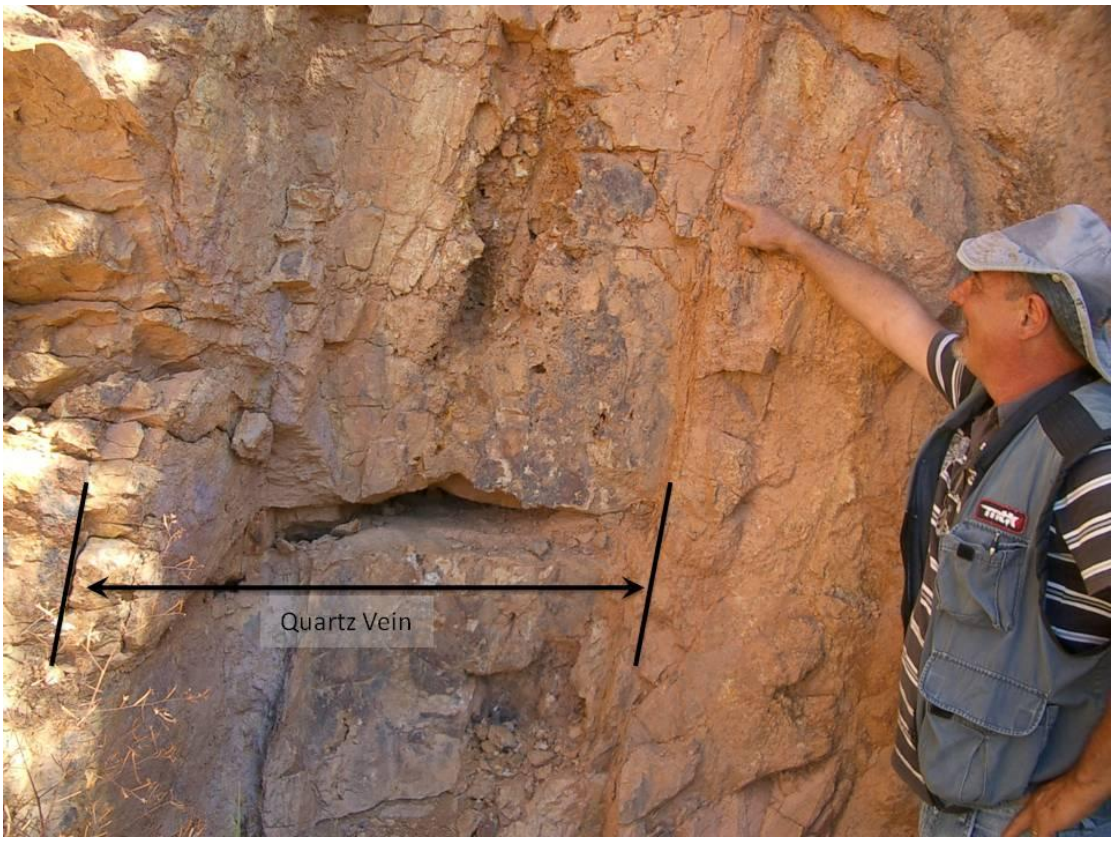

Figure 2: Cougar Exploration Manager Jayme Leite at Sample 120019 (1.72g/t gold), Cidinha Prospect, Alta Floresta Gold Project

Figure 3: Trench sampling at Cidinha Prospect, Alta Floresta Gold Project

Figure 4: Processing of a bulk sample at Cidinha Prospect, Alta Floresta Gold Project. Note the typical garimpeiro pit, now filled with water, in the background.

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 growing mineral drilling businesses in Brazil and Uruguay, providing surface diamond, reverse circulation and RAB drilling services to the Brazilian and Uruguayan mining industries. The Company also holds the mineral rights to the Pyke Hill JORC compliant Measured and Indicated Resource of 14.7mt @ 0.9% Ni and 0.06% Co.

Sampling Technique and Quality Control

Chip sample - typically comprises 2kg of sample material taken exclusively from one single rock unit.

Channel sample –a horizontal channel approximately 10 cm high and 10 cm deep for a determined length which can be a trench wall, trench floor or any natural wall. Usually channel samples are 1 m maximum length. Samples are collected in plastic bags and labelled in the field.

Grab samples correspond to rock fragments (±2kg) usually found as pieces left from old workings or from outcrops.

Bulk samples comprise more than100 kg of sample material taken exclusively from the targeted vein.

Sample Preparation

At Cougar's sample preparation facility in Peixoto de Azevedo, samples are placed into trays and dried at 150°C for one hour. After drying, the entire sample is crushed to -2 mm size. A Jones splitter is used to take a 1kg sub-sample, which is ground to -150 mesh. A 125gm homogenized pulp fraction is placed in a plastic bag, labelled and sent for assaying. The residual split is stored for future analyses if necessary.

Bulk samples are crushed to -2mm by means of a hammer-mill which feeds a sluice onto which heavy material is concentrated. Thereafter the sample is pan-concentrated with the addition of a small amount of mercury. Gold plus mercury are burnt, resulting in only gold remaining. The gold is then weighed in a high-precision scale at a local gold buyer facility in Peixoto de Azevedo. The final product is stored at Cougar's Office.

Quality Control

Reference standards, blanks and duplicates are routinely submitted to monitor a range of assay grades. Assay results for the standard samples are routinely monitored for both precision and accuracy.

Sample Analysis

Samples were analysed by UltraTrace Laboratory in Perth, Western Australia and by Lakefield-Geosolo in Belo Horizonte, Brazil. Au, Pt and Pd are analysed by 40gm fire-assay; Ag, As, Bi, Pb, Te, W, Sn by ICP-MS and Cu, K, Fe, K, Zn, S by ICP-OES.