



ASX Announcement

01 April 2010

## **Award of Major Drilling Program Underpins Business Expansion**

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### **HIGHLIGHTS**

- 75,000 metre drilling program secured in Uruguay.**
  - Drilling program forecast to generate US\$7M by 31 December 2010.**
  - Advancement of US\$2M by the client to fund rig acquisitions.**
  - Significant exposure to the growing South American iron ore sector.**
  - South American drilling fleet to expand to 12 operational rigs by midyear.**
  - Strong opportunities for further growth.**
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Cougar Metals NL (ASX:CGM) (**Cougar** or the **Company**) is pleased to announce that it has entered into a Memorandum of Understanding with a privately owned mineral resources company (**Client**) to provide 75,000 metres of surface drilling at the Client's magnetite project in Uruguay.

The program will consist of both surface diamond and reverse circulation (**RC**) drilling and is scheduled to be completed by 31 December 2010, generating a forecasted US\$7 million in additional revenue for the Company. The drilling program is the single largest drilling program secured by the Company to date.

The drilling program will require five drilling rigs to meet the program scope. Cougar intends to supply the rigs through the acquisition of two diamond drilling rigs and one RC rig, the hiring of one additional RC rig and the mobilisation of one of the Company's existing RC rigs currently en route to Brazil. In order to assist in the acquisition of the three drilling rigs and associated equipment, the Client has agreed to advance Cougar the sum of US\$2 million by way of an interest-free loan. The loan will be repaid progressively during the course of the drilling program by way of discounted drilling rates, and upon completion of 62,500m of drilling (being the minimum meterage required to be drilled under the contract for the purposes of the loan) the loan will be deemed to have been repaid in full.

This drilling program provides further exposure to the iron ore sector in South America and underpins a major expansion of the Company's drilling business. By the middle of 2010, Cougar's drilling fleet will have grown to a total of 12 active drilling rigs, including eight surface diamond and four surface RC rigs (eight owned, four on hire). The Company's drilling business in South America is building significant momentum and the Company expects to pursue a number of new tenders during CY2010 that will offer further opportunities for growth.

To further support the expansion of the drilling business, the Company is also pleased to announce the appointment of Mr Martin Jeffery to the role of Diamond Drilling Manager. Mr Jeffery will initially be based in Montevideo, Uruguay and will oversee the operational aspects of Cougar's diamond drilling fleet. Mr Jeffery has over 20 years diamond drilling experience in Australia, Africa and South America and adds further experience and expertise to the existing team's capabilities.

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

Yours faithfully

A handwritten signature in black ink that reads "Randal Swick". The signature is written in a cursive, flowing style.

**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.*