

28 November 2012

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

Dear Sirs

SUSPENSION OF TRIAL MINING ACTIVITIES

The Board of Directors of Cougar Metals NL (ASX Code: CGM) (the “**Company**”) wishes to advise that it has reached a decision to suspend trial mining activities at the Ze Vermelho Gold Prospect, Brazil.

The trial mining program was commenced for the purposes of generating profits to contribute to the overall costs of exploration at Ze Vermelho.

Recently however, the Ze Vermelho trial mining operations have been incurring cash operating losses; and whilst initiatives have been implemented in recent months to improve this position, they have not been sufficient to achieve a break-even result.

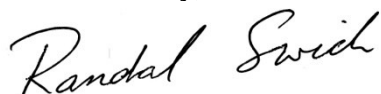
Suspension will enable the Company to complete a review of exploration results and methodologies adopted in order to formulate future exploration strategies aimed to identify extensions to and repetitions of the Ze Vermelho gold mineralisation.

During the period of suspension the Ze Vermelho Gold Mine will be placed under care and maintenance.

Commenting, Cougar Managing Director Randal Swick said, “Ze Vermelho remains a priority exploration prospect to which we expect to return when the review has been completed and when our financial position allows.”

For further information please contact the undersigned via email at r.swick@cgm.com.au or alternatively contact Michael Fry (CFO & Company Secretary) on +61 8 9381 1755.

Yours faithfully,



RANDAL SWICK
Managing Director