

Cougar Metals NL is a Perth based exploration company listed on the Australian Securities Exchange (ASX: CGM).

In January 2013, the Company entered into an option to acquire a 51% undivided interest in the Shoal Lake Gold Project in Ontario, Canada. The Company's principal focus over calendar year 2013 will be to progress this Project.

The Company also holds approximately 680 km² of exploration tenements in Brazil in the Alta Floresta gold belt in central west Brazil, which is estimated to have produced five million ounces of gold. The Company has undertaken extensive exploration in recent years which included developing the Ze Vermelho Gold Prospect through a trial mining permit where high grade gold bearing material was mined and treated at the site through a gravity and cyanide processing facility.

The Company also operates a mineral drilling business in Brazil providing surface diamond, reverse circulation and RAB drilling services to the Brazilian mineral resource industry. The Company currently operates a fleet of 9 rigs.

In addition, the Company also holds the nickel and cobalt laterite mineral rights to the Pyke Hill prospect located 40km east of the Murrin Murrin Nickel operations in Western Australia. The prospect contains a Measured and Indicated Resources of 14.7mt @ 0.9% Ni and 0.06% Co. (March 2008).

Directors

Roger Hussey – Non Executive Chairman
Randal Swick – Managing Director
Paul Hardie – Non Executive Director

Senior Management

Randal Swick – Managing Director
Michael Fry – CFO & Company Secretary
Victor Bella – Brazilian Drilling Manager
Paul Nagerl – Exploration Manager

Capital Structure

Shares on Issue: 462,211,076
52 week range: \$0.02 - \$0.11
Last Price (30/10/12): \$0.007
Market Capitalisation: \$3.3 million

Substantial Shareholders

Savvy Capital Management – 29.44%
Marcia Swick – 17.36%

HIGHLIGHTS OF THE THIRD QUARTER

Brazil Exploration

- No field exploration activities were undertaken during the quarter.
- The Ze Vermelho trial mining operation, tailings leaching and ore processing facilities remained on care and maintenance.
- The Company continues to hold significant exploration properties in the Alta Floresta gold belt with reductions during the quarter leaving 68 thousand hectares in three districts; including applications and renewals pending.
- A number of reports were presented to the DNPM and field visits completed with the DNPM to support renewal of exploration licenses.
- The Company continues to evaluate opportunities to joint venture or divest of its Brazilian exploration assets.

Canada Exploration

- The Shoal Lake Gold Project, Kenora Prospectors and Miners (KPM) option agreement was executed on 29 January 2013. The agreement allows for Cougar to earn a 51% interest in the project by completing a bulk sample work program and making payments totalling CDN\$5.875 million (minimum).
- The initial focus has been the acquisition of all relevant historical project data with priority given to the compilation of results from thirty-nine thousand metres of surface drilling.
- Initial contact was established with Government agencies for permitting of the work program.

Contract Drilling Business

- Revenue from the provision of contract drilling services for the quarter ended 31 March 2013 was R\$1.453 million.
- Increased activity across the sector has resulted in an additional 2 rigs entering work during the quarter and a further 2 rigs subsequent to the quarter.
- The division now has over R\$ 6 million of work under contract, employing 5 rigs for the next 3-4 months.

HIGHLIGHTS OF THE THIRD QUARTER (*continued*)

Corporate

- Settlement was reached with Minera Aritiri in resolution of all outstanding claims resulting in the receipt of US\$400,000.
- Tycoon Gold Resources Inc, a 100% owned subsidiary company, was established in Ontario, Canada on 1 March 2013 and is the entity under which activities on the Shoal Lake Gold Project will be conducted.
- On 3 April 2013, a rights issue prospectus to raise up to \$2.328 million was registered with ASIC.

ACTIVITIES REPORT

Cougar Metals NL (ASX Code: CGM) ("**Cougar**" or "**the Company**") is pleased to provide its activities report for the quarter ended 31 March 2013.

EXPLORATION ACTIVITIES

Background

Cougar Metals NL holds an exploration portfolio consisting of the Pyke Hill Nickel/Cobalt Project in Western Australia, the Alta Floresta Gold Project in Brazil, and the newly acquired Shoal Lake Gold Project located in Canada. The Shoal Lake Gold Project was the principal focus of exploration work during the quarter.

Pyke Hill Project (Western Australia)

The Pyke Hill Project is located 40km southeast of the Murrin Murrin Nickel Operation in Western Australia. Cougar holds the nickel and cobalt laterite rights to the project and in March 2008 published a Measured and Indicated Resources of 14.7 million tonnes grading 0.9%Ni and 0.06% Co for 131,621 tonnes of contained nickel metal (using a 0.5% Ni cut-off).

Alta Floresta Project (Mato Grosso, Brazil)

The Alta Floresta Project is located within the Southern Amazon Craton in the northern portion of Mato Grosso State in central west Brazil.

The Alta Floresta Gold Belt (AGFB) is an emerging gold belt and the Company's Project Area comprises three groups of tenements along the AGFB covering approximately 68,000 hectares (exploration licenses, license applications and license renewals pending approval by the DNPM).

Government records estimate past production from the AFGB to be in excess of five million ounces of gold, principally via the processing of alluvial and shallow high grade quartz veins by garimpeiros (artisanal miners). The Company's Project Area encompass a large number of gold occurrences and small past producers.

The Company was successful in establishing a large land-holding early in the development of the AGFB and implemented aggressive exploration programs. The Company's initial focus was in the easternmost Peixoto District where a number of smaller discoveries led to renewed activities by local artisanal miners. Exploration continued westward to the Apiacas and Paranaita Districts and culminated with a trial mining operation at the Ze Vermelho gold deposit near the town of Paranaita. These operations were placed on care and maintenance in December 2012 due to a diminishing gold resource and operational losses. The company's exploration focus in Brazil has been moderated due to uncertainties of pending new mining regulations and a substantial increase in operating costs. The geological potential of the Alta Floresta gold belt remains high, however, at this time the project is regarded as an early stage exploration play.

Shoal Lake Gold Project (Ontario, Canada)

The Shoal Lake Gold Project is located in Ontario, Canada approximately twenty (20) kilometres from the Manitoba and US borders, and fifteen (15) kilometres south of the Trans Canadian Highway.

The project is host to two past producers - the Mikado Mine and Cedar Island Mine. Within the project area, discovery and mine development began in 1893 and 1897 respectively for the Mikado Mine and Cedar Island Mine which produced gold intermittently until 1936.

No further significant work was undertaken on the property until 1980 when it was optioned to Dennison Mines. This option terminated in 1982. KPM, the Property holder, completed trenching in 1985 and Bond Gold (formerly St. Joe Canada) optioned the property between 1985 and 1992, during which time it undertook a significant amount of drilling. Amador Gold then optioned the property between 2002 and 2004 and completed the most recent drilling campaign.

In excess of 197 drill holes totaling over 39,000 metres have been drilled on the property.

EXPLORATION AND PRODUCTION UPDATE

Pyke Hill Project (Western Australia)

No new work was conducted during the quarter. The Company continues to seek third parties who may have an interest in participation in the project.

Alta Floresta Gold Project (Mato Grosso, Brazil)

Work during the quarter was restricted to care and maintenance of the project. The Company is seeking third party participation in this project.

Shoal Lake Gold Project (Ontario, Canada)

The Shoal Lake Gold Project has been the principal focus of exploration activity during the quarter.

Work has focused on the acquisition and compilation of all relevant historical project data, with priority given to drilling results. A database was developed for historic drill holes using available hard copy drill logs. Verification of collar locations, dip and azimuth is pending field examination.

Results of the data compilation will be interpreted and used to establish the location(s) for the bulk sample.

CONTRACT DRILLING BUSINESS ACTIVITIES

Revenue for the quarter was R\$ 1.453 million as compared with the previous quarter of R\$ 1.763 million. This was not unexpected as historically the December through April period is impacted by the wet season and religious and other celebrations.

During the quarter a new contract was awarded employing one air-core and one diamond rig for approximately three months. The contract award was welcomed by the Company as the Brazilian contract drilling industry has been adversely impacted by global conditions as well as local political conditions, which have significantly halted the approvals process for exploration tenements and drilling programs. Fortunately however, there has been a seasonal increase in work which has seen the Company tender on several small jobs.

Subsequent to the end of the quarter, a further two contracts were secured. Each contract will employ one surface diamond drill rig for approximately 4 months.

As a consequence of the award, the Company will have five (5) of its nine (9) drill rigs operational from mid May 2013.

Revenues for the quarter were R\$ 1.453 million down from the previous quarter (R\$ 1.763 million).

The short term outlook for the division is for improvement, with optimism being provided through the increase in contract drilling quotations.

CORPORATE UPDATE

On 24 January 2013 the Company's wholly owned subsidiary, Cougar Brasilia Pty Ltd executed an agreement with its former client Minera Aratiri in Uruguay to settle all outstanding matters between the two entities by the payment to Cougar Brasilia Pty Ltd by Minera Aratiri of USD 400,000. This sum of moneys was received and the matter is now finalized.

On 2 January 2013, 3,000,000 options held by Mr Jeffery Moore were cancelled in accordance with the terms of their issue.

On 29 January 2013, the Company entered into an Option Agreement with Kenora Prospectors & Miners, Limited (KPM) to acquire a 51% interest in its Shoal Lake gold project located in the Province of Ontario, Canada (Project). In accordance with the terms of the Option Agreement, Cougar is to maintain the option in good standing by:

- (a) making quarterly option payments to KPM totalling CAD 875,000 over a 4 year option term as follows:
 - (i) CAD 125,000 in Year 1
 - (ii) CAD 200,000 in Year 2
 - (iii) CAD 250,000 in Year 3
 - (iv) CAD 300,000 in Year 4; and
- (b) completing a bulk sample extraction program (Program) during the Option Term.

Cougar is to fund the Program and will be entitled to reimbursement of its Program expenditure from any proceeds of the Program. Cougar can exercise the option (and acquire a 51% interest in the Project) by sharing surplus proceeds, if any, from the Program and ensuring a return to KPM, inclusive of all payments, a minimum of CAD 5,875,000.

Upon exercise of the option, a joint venture will be established between Cougar and KPM, with Cougar as manager and KPM's 49% interest being free carried until completion of a pre-feasibility study.

Tycoon Gold Resources Inc., a wholly owned Canadian subsidiary of Cougar Metals NL, was established on 1 March, 2013 to undertake exploration of the KPM option Shoal Lake gold project.

SUBSEQUENT TO QUARTER END

On 3 April 2013, the Company lodged with ASIC a prospectus for the purposes of raising up to \$2.328 million through the issue of new shares at 1 cent on the basis of 1 new share for every 2 fully paid ordinary shares held as at the record date of 12 April 2013 (Offer).

The Offer to shareholders is non-renounceable and is due to close on 7 May 2013.

The funds to be raised pursuant to the Offer are principally to progress the Shoal Lake Gold Project and to repay a related party loan of approximately \$450,000.

The entitlement issue is being partially underwritten by Mrs Marcia Swick, spouse of Managing Director Randal Swick, up to a maximum of \$1.95 million. The material terms of the Underwriting Agreement are contained in Section 9 of the prospectus.

PROPOSED ACTIVITIES FOR THE FOLLOWING QUARTER

Exploration:

- Continue to seek third party participation and maintain in good standing the Pyke Hill Ni-Co and Alta Floresta Au projects.
- Initiate permitting of the Shoal Lake Gold Project bulk sample work program.
- Initiate and maintain ongoing negotiations for additional properties supporting the Company's focus.
- Continue to evaluate new project opportunities.

Drilling Division:

- Continued aggressive marketing of the services with targeting mid tier and major companies' operations and brownfield programs.

Corporate:

- Completion of the non-renounceable rights issue.

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

Yours sincerely

COUGAR METALS NL



RANDAL SWICK

Managing Director

The information in this release that relates to Exploration Results is based on information compiled by Mr Paul Nagerl who is a member of the Association of Professional Geoscientists of Ontario. Mr Nagerl is an executive of Cougar Metals NL and 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Nagerl consents to the inclusion in this report of the matters based on information provided by him and in the form and context in which it appears.