



Quarterly Activities Report for the quarter ended 31 March 2014

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

During calendar year 2013 Cougar executed Option Agreements over two gold projects in the Shoal Lake region of Ontario, Canada; an area containing a number of past gold producers and significant exploration results.

In January 2013, Cougar entered into an option to acquire a 51% undivided interest in the Shoal Lake Gold Project containing the Mikado and Cedar Island historic mines.

In October 2013, Cougar entered into an option to acquire a 100% interest in the advanced Duport Gold Project hosting the Duport Gold Deposit and its historic mine.

Cougar's principal exploration focus is to advance the Duport Gold Deposit to a production decision.

The Company also held a significant tenement holding in Brazil within the Alta Floresta gold belt in central west Brazil. In December 2013 the Company reached agreements to dispose of its entire holdings.

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 Australia, the Company 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
Johan Van der Stricht – COO
Paul Nagerl - Exploration Manager

Capital Structure

Shares on Issue: 665,268,524
52 week range: \$0.002 - \$0.01
Last Price (30/4/14): \$0.002
Market Capitalisation: \$1.33 million

HIGHLIGHTS OF THE THIRD QUARTER OF FY14

Canada Exploration

The Company is focused on the exploration and development of its two advanced high grade gold projects in Ontario, Canada. The projects lie adjacent to one another and are well located, being close to the trans-Canadian highway, power and the urban centres of Kenora and Winnipeg. Early production potential exists from the advanced Duport prospect with significant additional resource potential within the combined Project areas.

Duport Gold Project

- Partially developed with access from vertical shaft and decline to 11 underground levels.
- Over 90,000 metres of diamond drilling from surface and underground.
- Initial option payment remains pending, subject to proper registration of tenements; completion anticipated in next quarter.
- Work during the March 2014 quarter was restricted to property maintenance, data review and planning for the 2014 field season.

Shoal Lake Gold Project

- KPM has now accepted arbitration over alleged material contractual breaches by KPM. The arbitrator has been chosen with both parties awaiting instructions on timing of the proceedings.
- Exploration activities are suspended pending resolution of litigation.

Sale of Brazilian Tenement Portfolio

- Agreements reached with parties to dispose of 100% of mining tenements in Brazil for USD \$3.25 million (net of transaction costs and liabilities). Proceeds to be received progressively over 2 years.
- Proceeds received to date total ~USD \$1.2 million.

Contract Drilling Business

- Revenue from the provision of contract drilling services for the quarter ended 31 March 2013 was R\$1.453 million (quarter ended 31 December 2013: R\$1.973 million).
- Industry activity in Brazil remains suppressed consistent with lower activity levels in the global mining industry which softened markedly over the course of calendar year 2013.
- The Company currently has 2 drill rigs in short term work.

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 2014.

EXPLORATION ACTIVITIES

Background

Cougar Metals NL holds an exploration portfolio consisting of the Pyke Hill Nickel/Cobalt Project in Western Australia, and the recently acquired Shoal Lake Gold and Duport Gold projects in the Shoal Lake region of Ontario, Canada. The Shoal Lake Gold and Duport Gold projects were the principal focus 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).

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.

Duport Gold Project (Ontario, Canada)

In October 2013, the Company entered into an Option Agreement with the Sheridan Platinum Group Limited (“Sheridan”) to acquire a 100% interest in its Duport Gold project. In accordance with the terms of the Option Agreement, Cougar can acquire a 100% undivided interest in the project by maintaining the property and making aggregate payments totalling CAD\$ 6.4 million over 4 years with Sheridan retaining a 3% NSR on production from the Duport Gold Deposit and a 1.5% NSR on production of deposits greater than 500,000 oz gold from the totality of the property other than the Duport Gold Deposit. The option has been assigned to Cougar’s wholly owned Ontario Corporation subsidiary, the Duport Gold Company Limited (“DGC”) whose singular focus is to advance the project to a production decision.

The Duport Gold Deposit is an advanced and partially developed high grade gold deposit located in the Province of Ontario. Extensive exploration activities on the deposit includes in excess of 90,000 meters of surface and underground drilling and underground development on 11 levels with access from a vertical shaft and decline. See release dated 28th October 2013.

The Duport Gold project covers ~2,700 hectares and comprises patent mining and staked claims.



Location of the Duport Gold Project at Shoal Lake, Province of Ontario, Canada.

Gold at Duport was first discovered in 1896 and this was quickly followed by the sinking of a vertical shaft. Subsequent development occurred on 4 underground levels coincided with the production of high grade gold ore.

Gold production from the Duport halted in 1936 and the property was only intermittently explored until its control came under Consolidated Professor Mines Limited (“CPM”) in 1973. CPM work on the property included a substantial amount of diamond drilling and new underground development on 8 levels accessed via a decline and culminated in a decision to proceed to production.

CPM halted development operations in 1989 due to the prevailing economic environment and the necessity for a full environmental impact assessment thrust upon the company at that time.

Underground access for the Duport Gold Deposit is from an island on Shoal Lake. The lake straddles the Ontario - Manitoba Provincial border and is the supply of potable water for the City of Winnipeg. The Duport Gold deposit is located 13 kilometres from the City’s water intake. A final development plan proposed by CPM located the ore processing facility onto the mainland in a different watershed.

Environmental work carried out by CPM (1979-1995) addressed the preservation of the existing water quality and traditional land use of the Shoal Lake watershed.

Prevailing rock types underlying the Duport project area include felsic, mafic and ultramafic metavolcanics, and schists intruded by felsic dykes and sills. The predominant host to the gold is highly sheared and fractured tuffaceous interflow material containing sulphide mineralization in the form of pyrite and arsenopyrite with lesser pyrrhotite and chalcopyrite. The interflow rocks are interpreted to be conformable with surrounding volcanic sequences and their consistency and traceability is considered to be of great importance potentially leading to the discovery of additional gold deposits along strike.

Gold mineralisation at Duport is classified as epigenetic hydrothermal situated in the wide Cameron Island Deformation Zone. Its tenor is generally directly proportional to the percentage of arsenopyrite and associated pyrite, and the degree of silicification. Two similar parallel trending deformation zones adjacent to the east are also known to demonstrate gold potential and are included in the project area.

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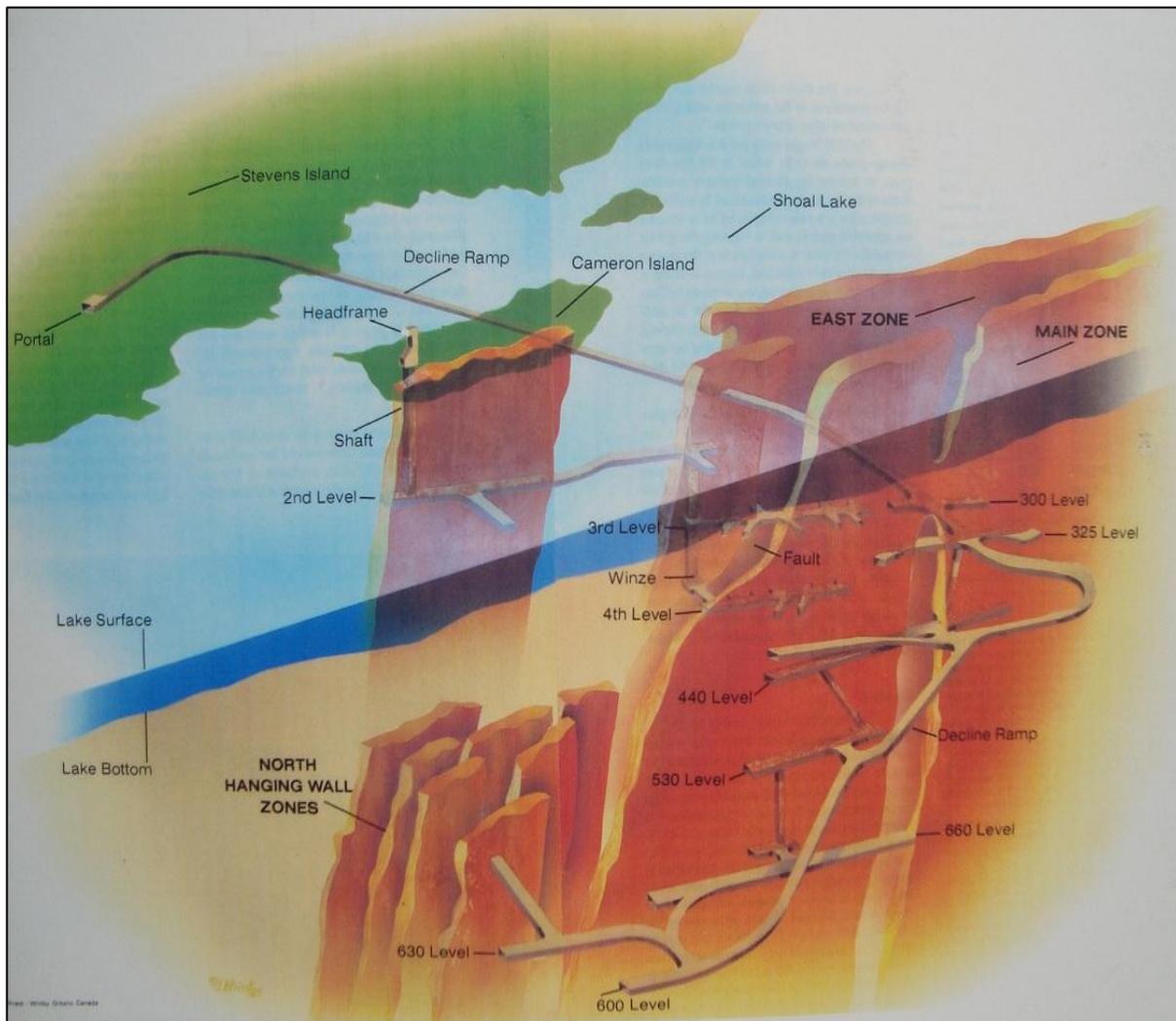
“During 1934-36, 1215 tons of high grade was shipped to smelters, yielding 4637 oz gold and 1142 oz silver ... from a small high grade lens” Drybrough 1944 ¹

Gold production from the Duport halted in 1936 and the property was only intermittently explored until its control came under Consolidated Professor Mines Limited (“CPM”) in 1973. CPM work on the property included a substantial amount of diamond drilling and new underground development on 7 levels accessed via a decline and culminated in a decision to proceed to production.

CPM halted development operations in 1989 due to the prevailing economic environment and the necessity for a full environmental impact assessment thrust upon the company at that time.

Underground access for the Duport Gold Deposit is from an island on Shoal Lake. The lake straddles the Ontario - Manitoba Provincial border and is the supply of potable water for the City of Winnipeg. The Duport Gold deposit is located 13 kilometres from the City’s water intake. A final development plan proposed by CPM located the ore processing facility onto the mainland in a different watershed. Environmental work carried out by CPM (1979-1995) addressed the preservation of the existing water quality and traditional land use of the Shoal Lake watershed. Cougar intends to work closely with First Nation’s to advance the project.

The gold occurs as free gold in association with sulphide and is known to contain a refractory component which responds well to conventional oxidation methods. Comprehensive test work by CPM, utilising several underground bulk samples, resulted with gold recovery percentages well into the 90s being achieved. The test work culminated in an engineered plant design.



Diagrammatic view of historic underground development and interpreted mineralised zones

Shoal Lake Gold Project (Ontario, Canada)

In 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. This project area is located adjacent to the Duport Gold Project and provides significant synergies in respect of exploration and development opportunities. The option has been assigned to Cougar’s wholly owned subsidiary Tycoon Gold Resources Inc.

The project is host to the past producing Mikado and Cedar Island mines, a portion of the advanced undeveloped Cedar Island Mainland Gold Deposit, and a number of other significant gold occurrences. These occurrences describe a number of gold mineralised trends on the property and provide significant potential for the development of a high grade gold production operation.

Following the execution of the option agreement and the first two option payments, the vendors failed to respond to the Company's reasonable requests to satisfy certain alleged breaches under the agreement. The Vendor also claimed that the Company was in default of payments resulting in the instigation of legal proceedings which have led to the acceptance of arbitration by KPM. The arbitrator has been selected with the proceedings now awaiting a schedule from the arbitrator. Work on the Shoal Lake Gold Project is suspended whilst these matters are being resolved.

SUMMARY OF TENEMENTS AND CHANGES

In accordance with ASX Listing Rule 5.3, Cougar advises of the following:

Project	Tenement Reference	Interest held by Cougar at 31 December 2013	Changes during the quarter (acquisitions /disposals)	Interest held by Cougar at 31 March 2014
Pyke Hill Nickel (Australia)	M39/159	100%	-	100%
Alta Floresta Gold (Brazil)	8689/05	100%	-	100%
Alta Floresta Gold (Brazil)	282/06	100%	-	100%
Alta Floresta Gold (Brazil)	289/06	100%	-	100%
Alta Floresta Gold (Brazil)	6148/06	100%	-	100%
Alta Floresta Gold (Brazil)	6867/08	100%	-	100%
Alta Floresta Gold (Brazil)	6869/08	100%	-	100%
Alta Floresta Gold (Brazil)	7614/08	100%	-	100%
Alta Floresta Gold (Brazil)	7607/08	100%	-	100%
Alta Floresta Gold (Brazil)	7613/08	100%	-	100%
Alta Floresta Gold (Brazil)	7601/08	100%	-	100%
Alta Floresta Gold (Brazil)	7600/08	100%	-	100%
Alta Floresta Gold (Brazil)	7612/08	100%	-	100%
Alta Floresta Gold (Brazil)	12774/08	100%	-	100%
Alta Floresta Gold (Brazil)	8092/09	100%	-	100%
Alta Floresta Gold (Brazil)	9802/09	100%	-	100%
Alta Floresta Gold (Brazil)	12965/09	100%	-	100%
Alta Floresta Gold (Brazil)	15954/10	100%	-	100%
Alta Floresta Gold (Brazil)	1062/10	100%	-	100%
Alta Floresta Gold (Brazil)	1219/10	100%	-	100%
Alta Floresta Gold (Brazil)	2647/10	100%	-	100%
Shoal Lake Gold (Canada)	MH9	100%	-	100%
Shoal Lake Gold (Canada)	MH10	100%	-	100%
Shoal Lake Gold (Canada)	MH40	100%	-	100%
Shoal Lake Gold (Canada)	D259	100%	-	100%

Note: whilst the Company has reached agreement to sell 100% of its mining tenements in Brazil. As at 31 March 2014, the transfer applications of the Brazilian mining tenements to the purchasers have not been processed and as such the mining tenements remain registered under Cougar.

CONTRACT DRILLING BUSINESS ACTIVITIES

Revenue for the December quarter was R\$1.453 million as compared with the previous quarter of R\$ 1.973 million.

The Company currently has two drilling rigs in work, both Reverse Circulation (RC) rigs. The RC rigs are expected to remain under contract for the remainder of the June 2014 quarter.

The December – March period is historically a period of low level activity due primarily to the wet season. It also coincides with the festivities of Christmas, New Year and Carnival.

Notwithstanding, the recent quarter ended 31 March 2014 saw particularly low levels of activity across the industry in Brazil primarily as a consequence of ongoing softness in commodity prices and the continuing uncertainty surrounding a proposed new mining code both of which have transpired to reduce investment into the industry.

CORPORATE UPDATE

- In November 2013, the Company announced that it had reached agreements to sell 100% of its mining tenements in Brazil for USD \$3.25 million (net of transaction costs and liabilities) with proceeds to be received progressively over 2 years.
- As at 31 March 2014, a total of approximately USD\$1.2 million has been received, with proceeds being received in accordance with agreed milestones.
- As reported at the time, the proceeds from the sale of the Brazil mining tenements are to be used primarily to advance the Group's high grade gold projects in Canada.

PROPOSED ACTIVITIES FOR THE FOLLOWING QUARTER

Exploration:

- Continue to seek third party participation and maintain in good standing the Pyke Hill Ni-Co project.
- Recovery and archiving of diamond drill core for the Duport Gold Project.
- Progress the resolution of outstanding issues related to the KPM Option Agreement.

Drilling Division:

- Finalise tenders and continue to seek new work opportunities.

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

Competent Person Statements:

The information in this report that relates to Mineral Resources for the Pyke Hill Project has been compiled by Mr Paul Payne. Mr Payne, is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Runge Limited and has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Payne consents to the inclusion in this document of the matters based on his information in the form and context that the information appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this release that relates to geological information, exploration results and historical resource estimates for the Company's Canadian projects is based on information compiled by Mr Paul Nagerl and is in the view of Mr Nagerl an accurate representation of the data available for the project. Mr Nagerl is a member of the Association of Professional Geoscientists of Ontario and is engaged on a full time basis as the Company's Exploration Manager through his personal services entity, Nagerl Geological Services Inc, and is a director of the Company's Canadian subsidiaries. He 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 2012 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.