



Quarterly Activities Report for the quarter ended 30 June 2013

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 665 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
Paul Nagerl – Exploration Manager

Capital Structure

Shares on Issue: 665,268,524
52 week range: \$0.005 - \$0.05
Last Price (30/10/12): \$0.007
Market Capitalisation: \$4.65 million

Substantial Shareholders

Marcia Swick – 41.5%
Savvy Capital Management – 20.8%

HIGHLIGHTS OF THE 4th QUARTER

Canada Exploration

- Field program conducted at Shoal Lake Gold Project during the quarter focussed on verification and establishment of GPS coordinates for historic drill collar locations, grids, trenches, pits and gold occurrences.
- Office based activities focussed on the creation of a digital geological database and the development of a new geological model for the Cedar mainland gold deposit.
- Opportunities for consolidation of properties in the region are being examined for synergies to compliment the overall project potential and mitigate geological risk.

Brazil Exploration

- No field activities were undertaken during the quarter, with the Ze Vermelho mine site remaining on care and maintenance.
- Negotiations were commenced during the quarter with several parties interested in acquisition and/or joint venture with respect to the Company's mineral tenements.
- Strategy remains to retain an interest in Alta Floresta belt while limiting expenditure.

Contract Drilling Business

- Revenues from the provision of contract drilling services were much improved in comparison to recent quarters, with sales for the quarter ended 30 June 2013 totalling R\$ 3.28 million (sales for quarter ended 31 March 2013 totalled R\$ 1.45 million).
- Outlook only modest; industry remains depressed with mineral exploration expenditure in decline.
- Up to 5 rigs active during the June quarter, however currently only 2 rigs in work.

Corporate

- Completion of entitlement issue raising \$2.03 million through the issue of 203,057,448 ordinary shares at 1 cent each.

ACTIVITIES REPORT

Cougar Metals NL (ASX Code: CGM) ("**Cougar**" or "**the Company**") is pleased to provide its activities report for the quarter ended 30 June 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 66,500 hectares (exploration licenses, license applications and license renewals pending approval by the DNPM).

Government records estimate past production from the AGFB 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 Company does not intend to expend further funds on exploration in the region.

Shoal Lake Gold Project (Ontario, Canada)

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:

- CAD 125,000 in Year 1
- CAD 200,000 in Year 2
- CAD 250,000 in Year 3
- 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 pursuant to the KPM option Agreement.

The Shoal Lake Gold Project is located 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 and both 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. To this end, the Company did advance negotiations with several parties with respect to the acquisition and/or joint venture.

The Company's strategy is to limit outgoings whilst maintaining its interest in the Alta Floresta Gold Project.

Shoal Lake Gold Project (Ontario, Canada)

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

Fieldwork was focussed on the verification and establishment of GPS coordinates for historic drill collar locations, grids, trenches, pits and gold occurrences.

As part of the fieldwork a general reconnaissance of the property was undertaken, and highlighted the existence of a number of hazards (including but not limited to open shafts and derelict buildings). The existence of these hazards is a matter for the property owners (KPM), to whom notice has been directed.

Office based activities during the quarter were focussed on the creation of a digital database and the development of a new geological model for the Cedar mainland deposit. A final revised geological model will be utilised to select the location(s) for the anticipated bulk sample extraction(s) and the planning of further exploration activities directed towards the refinement of this gold deposit.

Prior to the discovery of the Timmins Gold Camp in the early 1900's, the Shoal Lake area was considered to be Ontario's premier gold district. However, with the success of Timmins, interest in the Shoal Lake region and consequently exploration activity subsided.

Cougar's geological team considers the Shoal Lake region to be highly prospective for gold and is currently considering options to increase its landholding in the region. Consolidation of ownership ought compliment the overall project potential and mitigate geological risk. To this end, negotiations with several parties were initiated during the quarter.

CONTRACT DRILLING BUSINESS ACTIVITIES

Revenue for June quarter was R\$3.28 million as compared to March quarter of R\$1.45 million.

Despite the industry problems, revenues for the quarter were strong on account of several small contracts being executed. Of note, the Company successfully completed a 10,000m air-core program, demonstrating its proficiency in the air-core drilling technique and the suitability of the air-core drilling technique to the Brazil environment. It is worth noting that both air-core and RC drilling services are yet to be embraced by local Brazilian exploration and mining companies, but are commonplace in Australia due to their cost and speed. The embracing of air-core and RC by the Brazilian market represents a significant opportunity for the Company.

Market conditions remain depressed due to declining exploration expenditure. Cougar has however been relatively successful in winning and executing work and is therefore well-placed as work opportunities arise.

CORPORATE UPDATE

On 4 April 2013, the Company announced a non-renounceable entitlement issue of one (1) fully paid ordinary share in the Company for every two (2) Shares or two (2) contributing shares held by eligible shareholders on the record date of Friday 12 April 2013 at an issue price of 1 cent per Share to raise up to a maximum of \$2,328,184.

The raising was the result of Directors identifying that the Company had a pressing and compelling reason for a capital injection.

On 7 May 2013, the Company closed its non-renounceable rights issue raising \$2,030,574.48 (before costs).

The non-renounceable rights issue was sub-underwritten by Ms Marcia Swick and resulted in her holding increasing from 81,000,000 shares to 276,000,000 shares (or 41.5% of issued capital) post the issue.

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.
- Continue collation of data in relation to Shoal Lake Gold Project
- Continue assessment of suitable properties for consolidation in Shoal Lake area.

Drilling Division

- Ongoing business development and marketing of contract drilling services

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.