



Cougar Metals Completes Agreement To Earn 51% Interest In Canadian Gold Property

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

The Company has been focused on exploring the Alta Floresta gold belt in central west Brazil that is estimated to have produced five million ounces of gold. Currently approximately 855 km² of exploration tenements are held by CGM. The Company had developed 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 businesses in Brazil and Uruguay, providing surface diamond, reverse circulation and RAB drilling services to the South American 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 – 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
Victor Bella – Brazil Drilling Manager

Capital Structure

Shares on Issue: 462,211,076
52 week range: \$0.01 - \$0.11
Last Price (30/10/12): \$0.01
Market Capitalisation: \$5.1 million

Substantial Shareholders

Savvy Capital Management – 29.44%
Marcia Swick – 17.36%

HIGHLIGHTS

- 6.5 km² of patented mining claims
- Excellent access and logistics
- Large database with over 30,000m diamond drilling
- 2 historic mines located on the property
- Mineralisation open in all directions

Cougar Metals NL (**Cougar or Company**) is pleased to announce the execution of an Option Agreement with Kenora Prospectors & Miners, Limited (KPM) to acquire a 51% interest in it's Shoal Lake gold project located in the Province of Ontario, Canada (Project).

Commenting on the proposed acquisition, Managing Director Randal Swick stated, "This agreement marks a change in focus for Cougar's exploration team and provides shareholders with the opportunity to participate in a project which has proven gold mineralisation, a large scope and strong near term mining potential with excellent logistics. Whilst maintaining our exploration interests in Brazil's promising Alta Floresta gold belt, we hope to move quickly to a viable gold production scenario in Ontario."

The Project has substantial detailed historical exploration data and is comprised of 6.5km² in patented claims encompassing two past gold producers (circa 1900s) and several gold occurrences describing at least 3 interpreted gold bearing trends from 13 vein structures. The Project is located 15 km south of the Trans-Canada highway, 40km from the town of Kenora and 150km from the city of Winnipeg, Manitoba.

Gold in the project area was first discovered in 1880's resulting in the development of two mines on the property. At that time the area represented part of the premier gold region of Ontario.

The Mikado mine, situated on the property, was discovered in 1893 and ultimately had a recorded gold production of over 30,000oz (approx 58,000 tonnes averaging 16.4 g/t). Production from vertical shafts commenced in 1896 and carried through intermittently to 1934 with the bulk of production coming prior to 1902. Development ceased at 165 metres vertical depth.

The Cedar Island mine (formerly the Cornucopia mine) was developed from an inclined shaft in 1897 and produced approximately 1,100oz of gold to 34 metres depth. The mine reopened in 1935 and from a vertical shaft had a recorded production of 5,250oz of gold (from 16,997 tonnes averaging 9.6 g/t Au) until 1936 with development ceasing at 190 metres depth.

Other gold occurrences on the property include the Cedar Mainland Zone, McKinnon Reef, Sirdar No.1 and 2, Bullion No. 1 and 2, Old Ontario Veins 6 and 11, No. 3 Vein, Mikado Bay Zone, and the Grano Zone. The Grano Zone was discovered in 1981 with intersections up to 10.63 g/t Au over 2.4 metres in hole M81-12. In excess of 30,000 metres of diamond drilling has been completed on the property to 2004.



Fig 1. Project Location Map

Exploration Potential

The Cedar Mainland Zone has been the focus of the most recent work on the property and is the source of significant gold intersections which represents the south-eastern extension of mineralisation from the Cedar Island mine. The Mainland Zone comprises 13 gold bearing veins with established continuity. The dominant and continuous Main Vein is flanked by a number of parallel veins and stringers. The veins are structurally controlled, predominantly fracture infill and breccias, with a sulphide and carbonate alteration associations. Historic resource estimations for this area will be reviewed. Selected individual drilling results from initial exploration (1980's) of the Mainland Zone are provided in the table below (drill intersected widths shown).

Hole	Vein	From (m)	To (m)	Width (m)	Au g/t
K86-09	MZ	32.25	34.40	2.15	7.72
K86-42	MZ	68.35	70.60	2.25	18.49
K88-140	MZ	187.17	191.40	4.23	22.20
K88-141	MZ	363.97	368.75	4.78	12.29
K86-51	BV	39.30	44.50	5.20	3.55
K87-84	BV	129.88	135.00	5.12	14.64
K87-86	BV	170.50	172.15	1.65	39.61
K88-129	FW	173.37	175.37	2.00	11.14
K86-74	FW1	75.30	75.70	0.40	16.46
K86-74	FW2	13.55	13.95	0.40	44.60
K86-128	FW2	228.73	230.23	1.50	3.77
K87-95	HW1	154.19	155.48	1.29	17.09
K87-102	HW1	345.30	347.45	2.15	8.04
K88-131	HW1	119.37	120.77	1.40	22.58
K89-141	HW2	320.63	324.30	4.17	8.18
K86-37	HW2	28.35	32.40	4.05	5.90
K86-70	HW2	57.50	60.00	2.50	13.90

Most recent individual drilling results (2003-2004) from select holes by location (drill intersected widths shown).

Hole	Location	From (m)	To (m)	Width (m)	Au g/t
SL04-26	9 EAST ZONE	55.00	65.70	10.70	22.51
includes		56.00	56.50	0.50	278.51
and		57.00	57.50	0.50	93.81
SL04-32	9 EAST ZONE	210.52	218.00	7.48	7.42
SL04-43	9 EAST ZONE	120.60	122.70	2.10	29.71
SL04-20	DEPTH EXTENSION	471.40	472.30	0.90	10.89
SL04-31	EASTERN EXTENSION	110.00	110.80	0.80	4.87

The Mikado and Cedar Island mines and the Cedar Mainland Zone remain open for gold potential at depth and along strike.

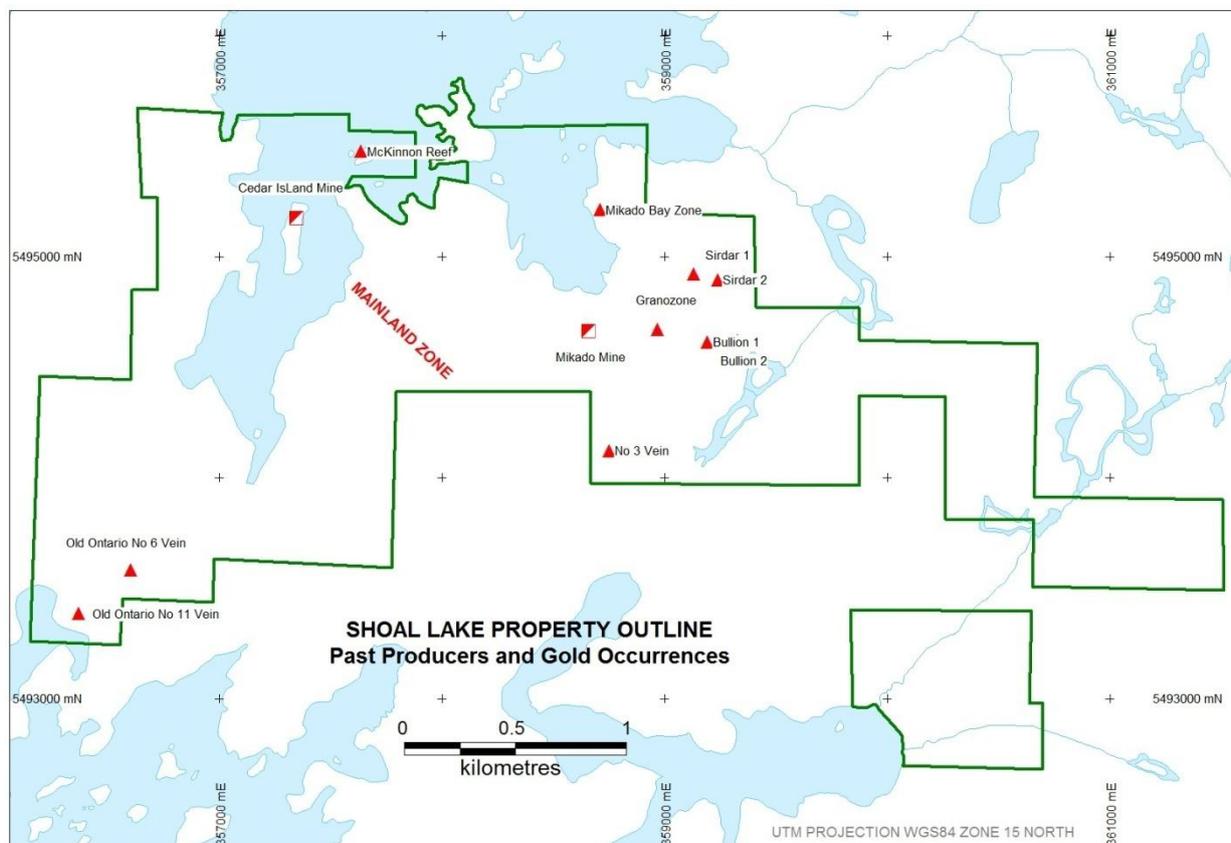


Fig 2. Property Outline and location of known gold occurrences

Cougar will conduct a strategic exploration plan which will include extraction of bulk samples from underground by way of decline and development levels. Initial work to be completed in 2013 will focus on data compilation and verification, underground development planning, and permitting.

Terms

KPM has agreed to grant to Cougar an exclusive option to acquire a 51% undivided interest in the Project. Cougar can maintain the option in good standing by:

- (a) making quarterly option payments to KPM totalling CAD 875,000 over a 4 year option term (**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. Surplus proceeds, if any, are to be shared on a 50/50 basis between KPM and Cougar.

Cougar can exercise the option (and acquire a 51% interest in the Project) by 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.

The Company is aware of potential litigation impacting the Project, however Cougar has reviewed all available information and believes the prospect to be unlikely. If a legal challenge is mounted and remains unresolved after 12 months, Cougar's obligations under the option agreement shall go into hiatus until the issue is resolved.

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 sincerely

COUGAR METALS NL



RANDAL SWICK

Managing Director

Competent Persons Statement

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.