



Quarterly Activities Report for the quarter ended 30 September 2013

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

Cougar recently executed two option agreements in the Shoal Lake region of Ontario, Canada, containing a number of past producers and significant exploration results.

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

In October 2013, Cougar secured an option to acquire a 100% interest in the Duport Gold Project hosting the Duport deposit and several patented and staked claims.

Cougar's principal exploration focus is the progress of its Shoal Lake projects.

Cougar also hold tenements in the Alta Floresta gold belt, central west Brazil, where the Company has undertaken extensive exploration in recent years including trial mining at the Ze Vermelho Gold Prospect.

The Company operates a 9 rig drilling business in Brazil providing surface diamond, RC and RAB drilling services to the Brazilian mineral resource industry.

The Company also holds the nickel and cobalt laterite mineral rights to the Pyke Hill prospect, 40km east of 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: \$0.00 - \$0.05
Last Price (30/10/12): \$0.007
Market Capitalisation: \$4.65 million

Substantial Shareholders

Savvy Capital Management – 20.8%
Marcia Swick – 41.5%

HIGHLIGHTS OF THE FIRST QUARTER OF FY14

Canada Exploration

Duport Gold Project

- Option Agreement executed in October 2013 with Sheridan Group over Duport Gold Project, an advanced gold project and high grade development opportunity with potential to fast track to production.
- Over 2,900 metres of development on 8 levels from decline.
- Over 90,000 metres of diamond drilling from surface and underground completed
- Historic resource estimations (non JORC).
- Adjacent to Shoal Lake Project - option acquired Jan 2013.

Shoal Lake Gold Project

- Notice of Arbitration sent to KPM seeking arbitration to resolve concerns of Cougar.
- Exploration activities suspended pending results of arbitration.

Brazil Exploration

- No field activities were undertaken during the quarter with the Ze Vermelho remaining on care and maintenance.
- Negotiations further advanced during the quarter with several parties interested in acquisition of the Company's mineral tenements.

Contract Drilling Business

- Revenue from the provision of contract drilling services for the quarter ended 30 September 2013 were R\$2.87 Million (sales for quarter ended 30 June: R\$3.28 million).
- Industry activity in Brazil is suppressed consistent with activity in the global mining industry which has softened markedly over the course of the 2013 calendar year.

Corporate

- Appointment of Mr Johan Van der Stricht to position of Chief Operating Officer, residing in Brazil with specific focus on rationalisation of Brazil tenements and improved operation of the drilling business.

ACTIVITIES REPORT

Cougar Metals NL (ASX Code: CGM) ("**Cougar**" or "**the Company**") is pleased to provide its activities report for the quarter ended 30 September 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 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).

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.

Government records estimate past production from the AFGFB 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.

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 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. 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. To this end, negotiations with several parties were initiated during the quarter.

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.

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 located in the Province of Ontario, Canada. 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 as follows:

- CAD\$ 200,000 following execution of the agreement, subject to evidence of the registration, in the name of Sheridan, of all properties under the Agreement.
- CAD\$ 1,200,000 in six equal payments spaced three months apart and commencing on the first anniversary date of evidence of registration of the properties under Sheridan.
- CAD\$ 5 million on the fourth anniversary date of evidence of registration of the properties under Sheridan.

Sheridan will retain a 3% NSR on production from the Duport Gold Deposit and a 1.5% NSR on production of at least 500,000 oz gold and silver from the totality of the property other than the Duport Gold Deposit.

The Duport Gold project covers ~2,500 hectares and comprises patent mining and staked claims with gold at the Duport first discovered in 1896, quickly followed by the sinking of a vertical shaft. Subsequent mining occurred on 4 underground levels resulting in 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’s work on the property included a substantial amount of diamond drilling and new underground exploration 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.

Significant 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.

Resource estimations were completed by CPM following each phase of exploration through to 1989. Subsequent resource estimation was completed by Roscoe Postle Associates Inc. ("RPA") in 2006.

These estimations completed by both CPM and RPA are not JORC compliant (See ASX release of 28 October, 2013 for more details).

Cougar will focus on the determination of a JORC compliant resource estimate utilizing existing data.

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)

Exploration efforts at the Shoal Lake Gold Project were suspended during the quarter as the Company seeks arbitration to resolve a number of its concerns, as referred to in ASX announcement dated 14 October 2013.

The Company took this step to endeavour to put the Project onto a proper footing before further effort and funds are expended.

The owners of the Project have failed to respond to the request for arbitration at this time, and the Company is now proceeding with an action to the Court to have the Court appoint an arbitrator.

Duport Gold Project (Ontario, Canada)

Considerable resources and effort were directed during the quarter towards the investigation, negotiation and execution of the Option Agreement over the Duport Gold Project.

CONTRACT DRILLING BUSINESS ACTIVITIES

Revenue for the September 2013 quarter was R\$2.87 Million (as compared with sales for June 2013 quarter of R\$3.28 million).

Revenues were obtained from a number of small contracts principally undertaken in the State of Mato Grosso. GeoLogica currently has four rigs in operation including one RC rig with Mirabela Nickel and 2 diamond and one air-core rig with other clients.

Consistent with global exploration market, the Brazilian drilling market remains suppressed, compounded by uncertainty surrounding legislation around a new mining code.

CORPORATE UPDATE

Cougar is pleased to announce the appointment of Mr Johan Van der Stricht to the position of Chief Operating Officer.

Mr Van der Stricht has extensive corporate experience having held senior executive roles in a number of mining companies and most recently as Vice President of Technical Services for Jaguar Mining Inc.

Mr Van der Stricht holds a Master's degree in Mining Geology from Camborne School of Mines in England and has over 25 years' experience in exploration and mining, having worked in Europe, Africa and South America. Over the past 10 years Johan has served in high level management roles of progressive responsibility involving corporate development, exploration and technical services' management, as well as project and mine management.

Johan is based in Belo Horizonte, Brazil and will closely oversee the Group's Brazilian Drilling and Exploration businesses whilst also assisting in Project Development management to the Shoal Lake Gold Project in Ontario, Canada. Johan is proficient in Portuguese, English, French and Dutch.

Commenting upon the appointment, Cougar's Managing Director, Randal Swick (Managing Director) stated: "We are delighted that Johan has joined the Company. We expect his expertise will lead existing management to further develop the Group's Drilling Division and to become a valuable asset for shareholders, whilst also contributing to the strategic direction of project development activities."

PROPOSED ACTIVITIES FOR THE FOLLOWING QUARTER

Exploration Business:

- Principal focus is to be on the Duport Gold project at Shoal Lake in Canada, specifically:
 - the validation of the extensive and detailed historical data in preparation for the determination of a resource estimate under JORC;
 - field examination of drill core and bulk samples;
 - consideration of staking of additional mining claims to secure future potential plant sites; and
 - seek to initiate formal discussions with First Nations to gather support for the Shoal lake projects (note: informal discussion have been ongoing).
- Seek to resolve concerns through arbitration in relation to the Shoal Lake Gold Project.
- Further negotiation with parties interested in Alta Floresta tenements with a focus on bringing these to a conclusion.
- Continue to seek third party participation and maintain in good standing the Pyke Hill Ni-Co and Alta Floresta Au projects.

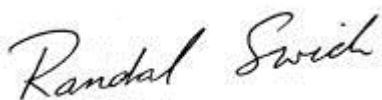
Drilling Business:

- Continued servicing of existing clients, with active program to identify 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

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 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.