



Exploration Update – Ze Vermelho Drilling Results 09 November 2012

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

The Company is focused on exploring the highly prospective Alta Floresta gold belt in central west Brazil, where it holds tenements covering an area in excess of 883km² and where past production is estimated at five million ounces of gold. Much of the immediate focus is centred on the Ze Vermelho Gold Prospect where the Company has received numerous highly encouraging high grade gold assay results and where it is currently undertaking trial mining. This is providing important information about the structure and grade of mineralisation, whilst at the same time generating strong cash-flows from the treatment of the ore.

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

In addition, the Company also holds the mineral rights to the Pyke Hill Measured plus Indicated Resources of 14.7mt @ 0.9% Ni (March 2008) located in Australia.

Directors

Roger Hussey – Chairman
Randal Swick – Managing Director
Jeffrey Moore – Non-executive Director
Paul Hardie – Non-executive Director

Senior Management

Randal Swick – Managing Director
Michael Fry – CFO & Company Secretary
Jayme Leite – Operations Manager
Paul Nagerl – Exploration Manager
Victor Bella – Brazilian Drilling Manager
Fernando Pena – Uruguay Drilling Manager

Capital Structure

Shares on Issue: 462,211,076
52 week range: \$0.02 - \$0.11
Last Price (9/11/12): \$0.024
Market Capitalisation: \$11.1 million

Substantial Shareholders

Savvy Capital Management – 29.44%
Marcia Swick – 17.36%

EXPLORATION HIGHLIGHTS

Assays

- Assay results have been received for the remaining four holes at the Ze Vermelho prospect with significant gold mineralisation intersected in three of the four holes.
- Hole ZV_DD076 intersected 2.04 g/t Au over 0.30 metres
- Hole ZV_DD077 intersected gold in two zones separated by 42 metres drilled width. The upper interval returned 34.31 g/t Au over 0.40 metres which also contained greater than 1% Cu. The lower interval returned 1.79 g/t Au over 0.40 metres.
- Hole ZV_DD078 intersected 8.00 g/t Au over 0.90 metres.

Geophysics

- Gradient I.P. surveys completed show a strong spatial correlation between drill intersected gold bearing pyrite mineralisation characteristic of the Ze Vermelho deposit and the I.P. chargeability and resistivity anomalies.
- I.P. anomalies along a similar northwest trend, but offset southward, provide strong encouragement for continuation of the Ze Vermelho ore hosting structure. Ongoing exploration programs are planned to test this trend.
- Regionally the northwest structural trend hosting the Ze Vermelho prospect is also host to the Pedra Branca and Filao do Meio prospects over a combined interpreted 900 metre strike.

Background

The Alta Floresta Gold Project is located in the northern portion of Mato Grosso State in central west Brazil. The Project comprises three exploration districts; Apiacas, Paranaita, and Piexoto distributed over 280 kilometres in an east-west direction and centered on the town of Alta Floresta. These districts lie above what is referred to as the Juruena magmatic ark, a setting in which both high-grade quartz-sulphide vein systems and bulk tonnage, disseminated gold systems are known to occur.

The current main exploration focus is in and around the Company's Ze Vermelho Gold Mine in the Paranaita District. Ze Vermelho consists of an historic open pit from which four shafts were sunk; reportedly abandoned due to plummeting gold price in the 1990s. Records reveal that gold production from these workings was approximately 70,000 ounces.

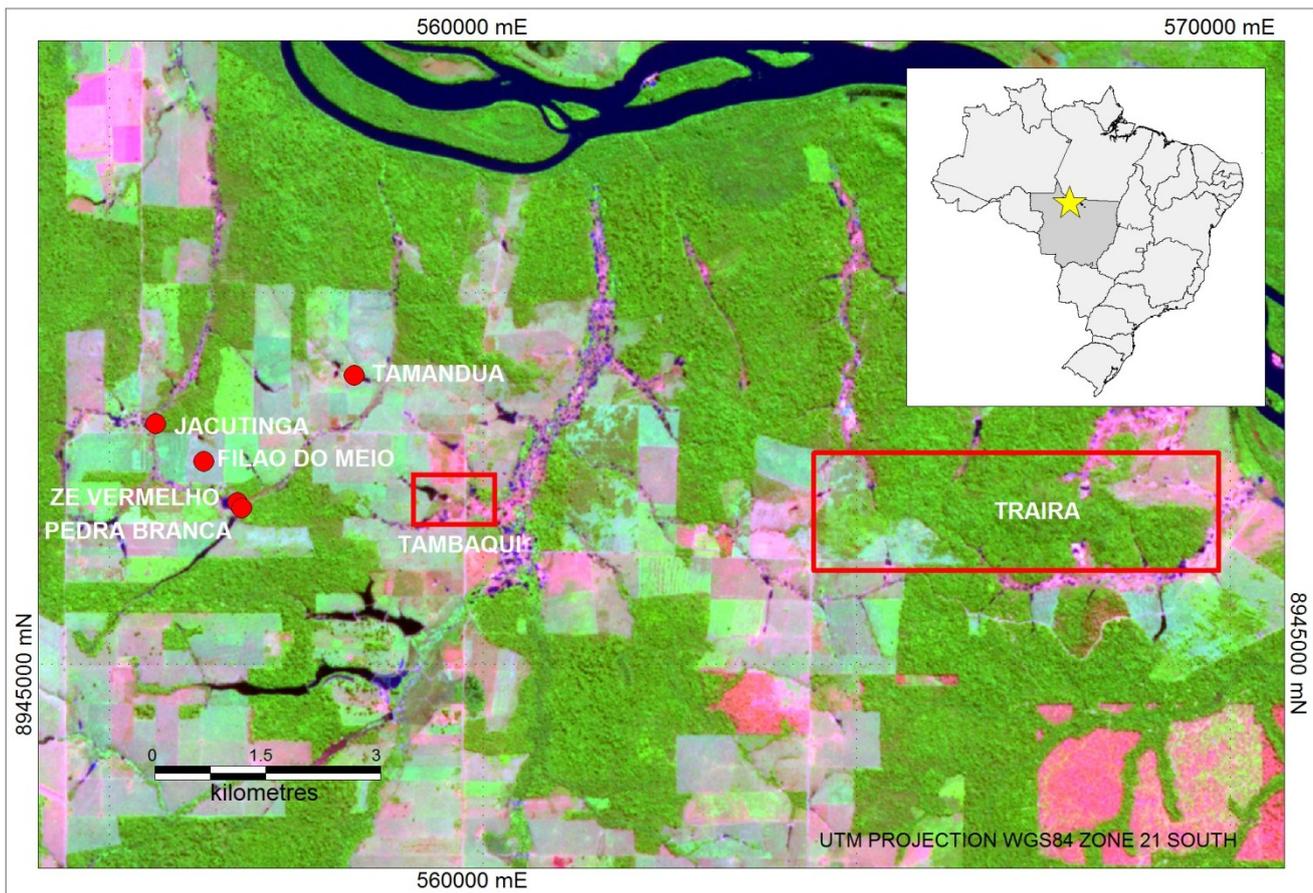


Figure 1: Location map of the Paranaita District gold main targets.

Ze Vermelho

Assay results for the four outstanding drill holes at the Ze Vermelho prospect have now been received with 3 of the 4 drill holes returning gold mineralisation over a width ranging between 0.30 metres and 1.70 metres.

Drilling at Ze Vermelho is conducted in support of trial mining operations where 9 levels have been developed to date from 2 shafts. Gold at the prospect is associated with pyrite mineralisation in plunging ore shoots along a northwest trending regional structure.

Gradient I.P. surveys conducted indicate a coincident chargeability and resistivity anomaly associated with the pyrite over a 180 metre strike. In addition, a similar northwest trending I.P. anomaly has been identified to the west, offset southward.

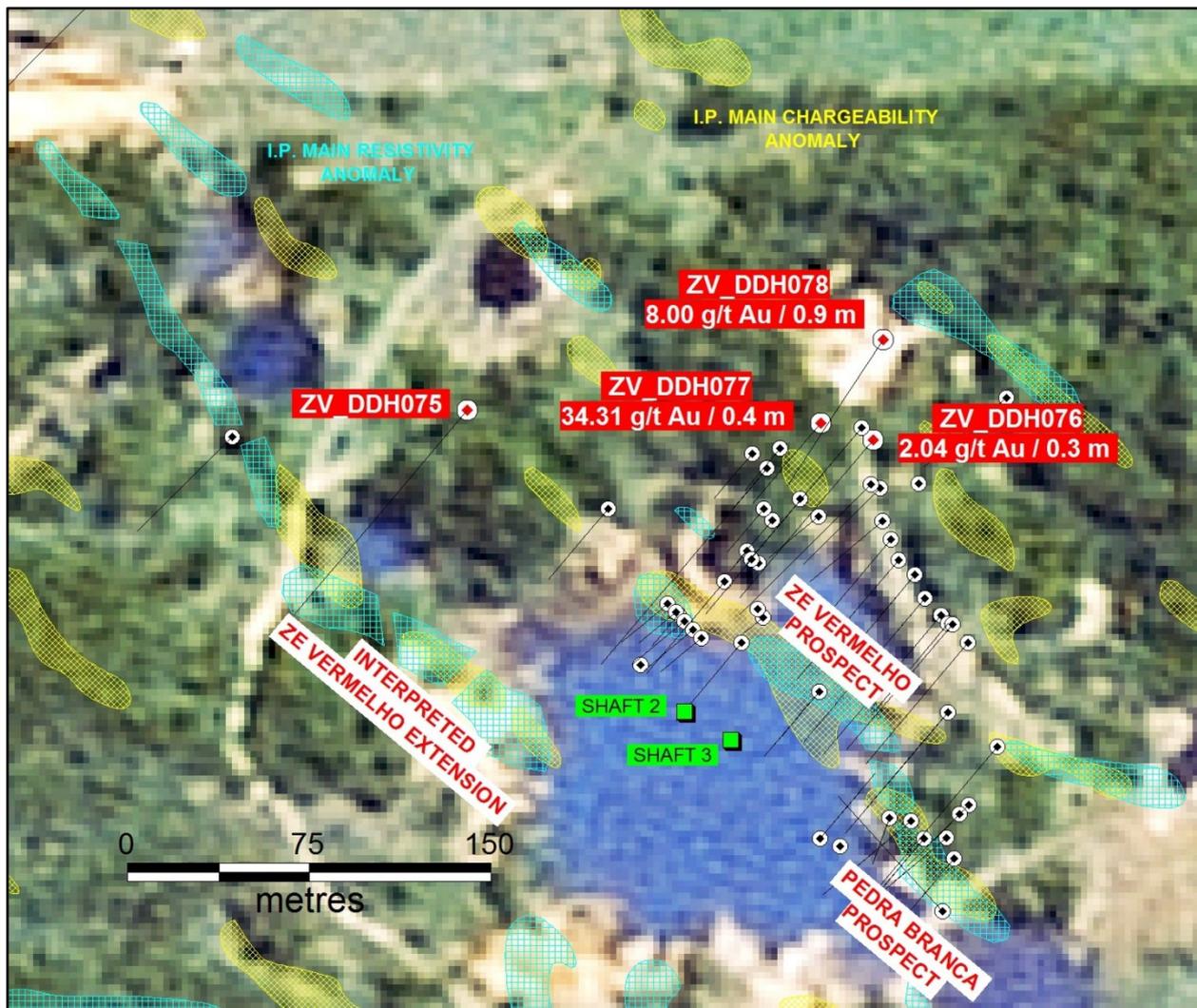


Figure 2: Plan map of the Ze Vermelho drill holes and main I.P. anomalies (resistivity and chargeability).

The table below shows the coordinates, angles and depth of each drill hole (collar coordinates provided are SAD69 datum and UTM grid zone 21S coordinates).

HOLE ID	EAST	NORTH	RELATIVE LEVEL (METRES)	EOH (METRES)	DIP (°)	AZIMUTH (°)
ZV_DD075	556650	8947332	262	173.75	-50	220
ZV_DD076	556817	8947320	264	172.30	-60	220
ZV_DD077	556796	8947326	264	149.61	-73	220
ZV_DD078	556821	8947361	265	178.40	-65	213

Summary of assay results from drill core. Drill intersected widths only. True widths for these intersections have not yet been determined.

HOLE ID	FROM	TO	WIDTH (M)	Au (g/t)
ZV_DD075	No Significant Results			
ZV_DD076	129.20	129.50	0.30	2.04
ZV_DD077	88.30	88.70	0.40	34.31
and	131.10	131.50	0.40	1.79
ZV_DD078	146.30	148.00	1.70	4.47
includes	146.30	147.20	0.90	8.00
includes	146.30	146.90	0.60	6.11
and	146.90	147.20	0.30	11.78
and	147.20	148.00	0.80	0.49

Hole ZV_DD075 is the only hole to-date targeting the second gradient I.P. anomaly trend at Ze Vermelho interpreted as a possible extension of the mineralised structure. It intersected trace pyrite between 48.52 and 48.65 metres and disseminated to 1% pyrite from 130.77 to 131.17 metres. These intersections did not return significant concentration of gold. Further testing of this target is planned.

Hole ZV_DD076 intersected two mineralised zones. The first between 87.70 and 95.70 metres depth containing 1% of disseminated pyrite but did not return significant concentrations of gold. The second interval between 127.20 and 130.50 metres represents the Main Ze Vermelho Zone and contains 5% disseminated pyrite returned 2.04 g/t Au over 0.30 metres.

Hole ZV_DD077 intersected the Upper Ze Vermelho Zone from 88.30 to 88.70 metres containing up to 10% sulphide and returned 34.31 g/t Au and >1% Cu over 0.40 metres. This hole also intersected the Main Ze Vermelho Zone of up to 5% pyrite and returned 1.79 g/t Au over 0.40 metres from 131.10 metres drilled depth.

Hole ZV_DD078 intersected only the Main Ze Vermelho Zone between 146.45 and 148.00 metres drilled depth containing trace to 2% pyrite and a single semi-massive sulphide band up 14% pyrite. This intersection returning 8.00 g/t Au over 0.90 metres including 11.78 g/t Au of 0.30 metres.

The intercepts of gold mineralization intersected through drilling are reflected in the following diagram.

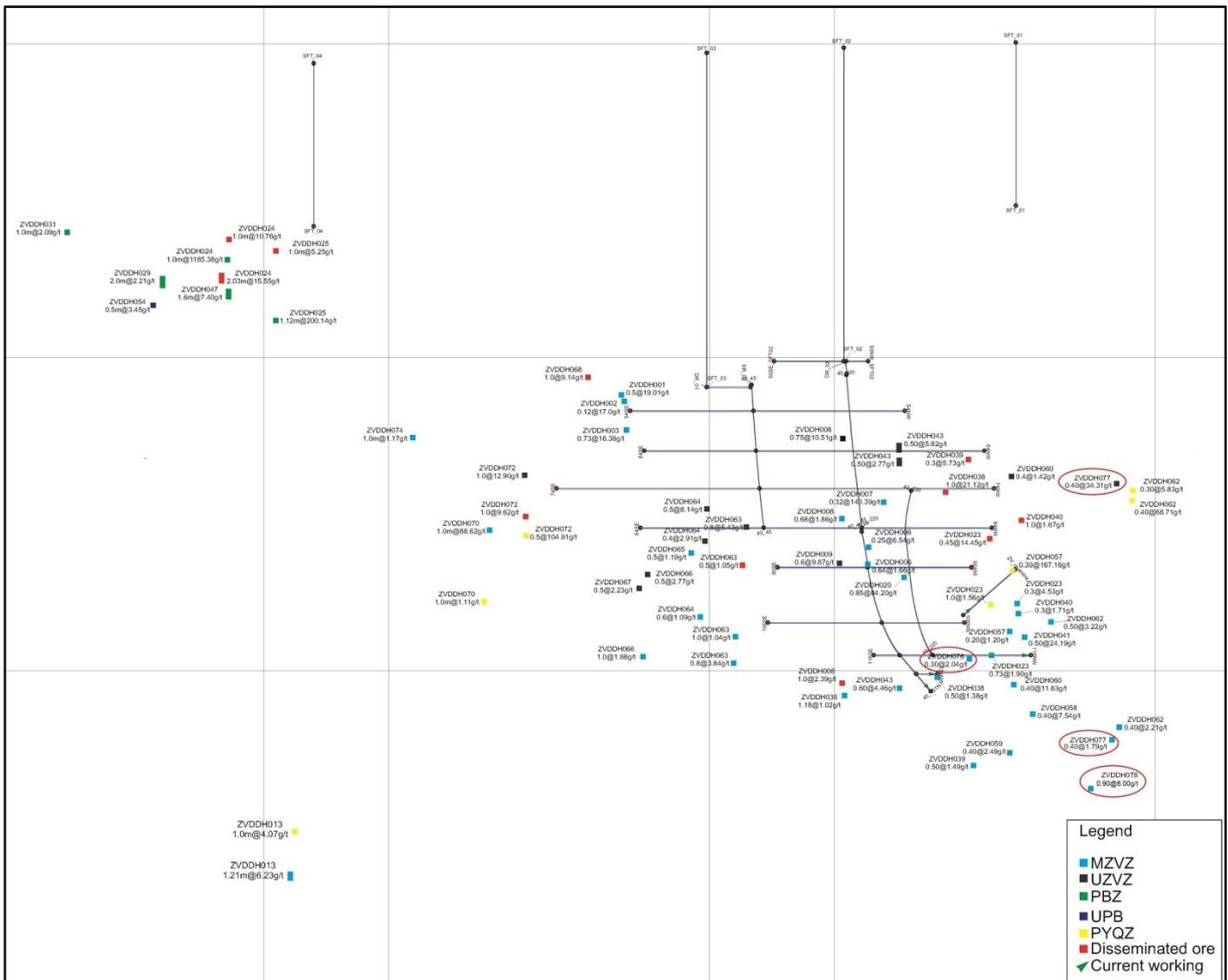


Figure 3: Longitudinal section of the Ze Vermelho trial mining operations showing highlights of gold intersections and underground development.

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
Executive Chairman

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.