



Outstanding Gold Results at Pedra Branca

ASX Announcement

22 March 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 granted tenements covering an area in excess of 1,450km² and where past production is estimated at five million ounces of gold. Much of the immediate focus is centred on 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, which 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 growing mineral drilling businesses in Brazil and Uruguay, 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 13 rigs with plans to grow this in the near future.

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).

Directors

Randal Swick – Chairman
Jeff Moore – Director
Paul Hardie – Director

Senior Management

Randal Swick – Managing Director
Michael Fry – CFO & Company Secretary
Jayme Leite – Exploration Manager

Capital Structure

Shares on Issue: 406,223,576
52 week range: \$0.02 - \$0.11
Last Price (20/3/12): \$0.085
Market Capitalisation: \$34.5 million

Substantial Shareholders

Savvy Capital Management – 34.06%
Marcia Swick – 19.61%
Top 20 – 64.84%

HIGHLIGHTS

- **Assay results from first drill hole at Pedra Branca returns 4.23m @ 288 g/t gold including 1m @ 1,185 g/t gold.**
- **Assay results from second drill hole at Pedra Branca returns 1.12m @ 204 g/t gold.**
- **Four subsequent drill holes all successful in intercepting the Pedra Branca structure at depth with widths varying between 0.2m and 2.3m (assays pending).**

Cougar Metals NL (ASX Code: CGM) is pleased to provide an update on assay results received from diamond drilling at the Pedra Branca structure which forms part of the Company's Ze Vermelho Gold Project in Brazil.

Background

Pedra Branca is the name given to a quartz vein representing the south-eastern extension of the Ze Vermelho vein.

Pedra Branca was interpreted from an IP Survey conducted over the Ze Vermelho Prospect in late 2011. The structure lies approximately 50 metres SE of the Ze Vermelho main access shaft.

In December 2011, initial testing of the structure commenced by way of a small excavation pit which uncovered a previously unknown quartz vein. The vein consisted of white, massive to brecciated quartz up to 55cm wide and containing small fractures filled with visible gold. Twelve (12) tonnes of the vein material were excavated and processed through the Company's gravity plant, returning 286g (9.2 ounces) of gold for a mean gravity recovered gold grade of 24g/t Au.

A drilling program was then designed and programmed to commence in mid-January 2012.

Drilling Program

Cougar has now drilled a total of six (6) holes (see Table 2 below for collar details).

All six (6) drill-holes have been successful in intercepting the Pedra Branca structure. To date, drilling has defined a strike length of 60 metres and a down-dip extension of at least 60 metres. The structure is open along strike to the south-east and at depth.

Assay results for the first two (2) drill holes at Pedra Branca (ZV-DDH024 and ZV-DDH025) have now been received with the results as follows:

| HOLE ID | FROM | TO | INTERVAL | Au (g/t) |
|-----------|-------|-------|----------|-----------------|
| ZV-DDH-24 | 41.92 | 43.03 | 1.11 | 0.24 |
| ZV-DDH-24 | 43.03 | 44.03 | 1.00 | 1,185.38 |
| ZV-DDH-24 | 44.03 | 45.06 | 1.03 | 12.30 |
| ZV-DDH-24 | 45.06 | 46.21 | 1.15 | 18.80 |
| ZV-DDH-24 | 46.21 | 47.26 | 1.05 | 3.55 |
| ZV-DDH-25 | 48.28 | 49.37 | 1.09 | <0.05 |
| ZV-DDH-25 | 49.37 | 50.49 | 1.12 | 204.14 |
| ZV-DDH-25 | 50.49 | 51.49 | 1.00 | 0.35 |

Table 1: Assay results from Pedra Branca drilling program.

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

| HOLE ID | EAST | NORTH | RL | EOH | DIP | AZIMUTH |
|-----------|---------|---------|-----|-------|-----|---------|
| ZV-DDH024 | 5566818 | 8947169 | 249 | 60.00 | -70 | 200 |
| ZV-DDH025 | 5566818 | 8947169 | 249 | 81.80 | -90 | 200 |
| ZV-DDH027 | 5566830 | 8947156 | 251 | 52.77 | -60 | 220 |
| ZV-DDH029 | 5566817 | 8947165 | 250 | 62.83 | -75 | 220 |
| ZV-DDH030 | 5566817 | 8947165 | 250 | 85.66 | -90 | 0 |
| ZV-DDH031 | 5566843 | 8947148 | 250 | 60.13 | -60 | 220 |

Table 2: Drill collar details for Pedra Branca drilling program.

Drill hole ZV-DDH024 returned a mineralised interval of 4.23m averaging 288 g/t of gold from 43.03 metres down-hole. This result is strongly influenced by a 1 metre @ 1,185 g/t interval where visible gold hosted in quartz had been logged geologically. The 3.23 metre interval in the footwall of this high grade intercept averaged 10.8 g/t gold.

Drill hole ZV-DDH025 returned 1 metre @ 204 g/t gold from 49.37 metres down-hole with no significant gold mineralisation detected in the footwall.

Drill holes ZV-DDH027, ZV-DDH029, ZV-DDH030 and ZV-DDH031 have been logged with core samples collected, photographed and prepared for analysis at the Company's facilities in Piexoto de Azevedo. Pulps have been sent to the SGS laboratory in Belo Horizonte for analysis with results expected to be returned by April.

In all of the drill holes completed to date the structure intersected has varied in width between 0.2 metres and 2.3 metres and consists of quartz veined mylonite within partially altered biotite granite. Mineralisation occurs as pyrite which occurs disseminated along the foliation in mylonites (see Figure 1 below), filling open spaces (see Figure 2 below) and forming nearly massive bands (see Figure 3 below) in quartz veins.



Figure 1. Drill Hole ZV-DDH029: Mylonite (grey) in contact with quartz vein (white) showing pyrite dissemination along the mylonitic foliation; from 42.85 metres.

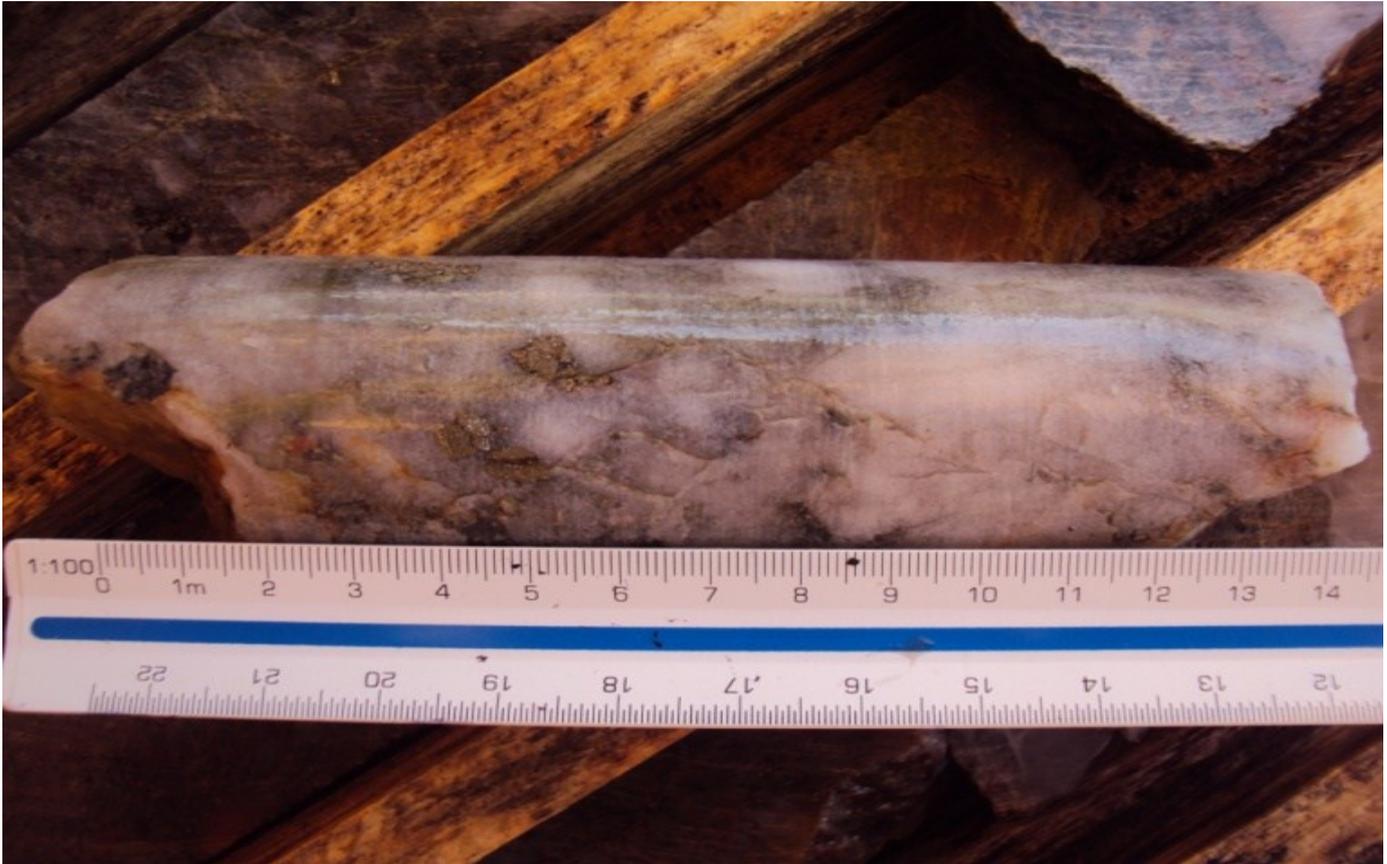


Figure 2. Drill Hole ZV-DDH029: Pyrite filling open spaces in quartz vein; from 43.01 metres.



Figure 3. Hole ZV-DDH031: 1cm of nearly massive pyrite band in quartz vein; from 40.20 metres.

The Company's view following the drilling completed to date is that the style of mineralisation and alteration found at Pedra Branca resembles, in many aspects, the zones close to the Ze Vermelho high grade ore shoot and therefore creates an expectation of finding a second ore shoot at the prospect.

Drilling is currently focused on other high priority targets within the Ze Vermelho project area pending the return of outstanding assays of recently drilled holes at Pedra Branca.

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 report that relates to exploration results is based on information compiled by Dr Christopher Stephens who is a consultant to the Company. Dr Stephens is Principal of CJ Stephens Consulting Pty Ltd and is a member of the Australian Institute of Geoscientists (AIG) and the Australia Institute of Mining and Metallurgy (AusIMM). Dr Stephens 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 “Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Dr Stephens consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.