



29 December 2009

Company Announcements Office
ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sirs

RESTRUCTURED RENOUNCEABLE RIGHTS ISSUE

Cougar Metals NL refers to the announcement dated 22 December 2009 in relation to the restructured Renounceable Rights Issue.

Shareholder notifications will be dispatched to eligible participants. **Attached** is a copy of the notification.

Yours faithfully

A handwritten signature in black ink that reads 'Randal Swick'. The signature is written in a cursive, flowing style.

RANDAL SWICK
EXECUTIVE CHAIRMAN



29 December 2009

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Dear Shareholder

RESTRUCURED RENOUNCEABLE RIGHTS ISSUE

As announced on 22 December 2009, Cougar Metals NL (ASX Code: CGM) (**Company**) has restructured and re-priced its rights issue, and will now be offering shareholders a pro rata renounceable rights issue at an issue price of 2.1 cents per Share on the basis of three (3) new Shares for every two (2) Shares held (**Restructured Rights Issue**). Shareholders who hold shares in the Company at 5:00pm (WST) on 6 January 2010 (**Record Date**) will be entitled to participate in the Restructured Rights Issue.

The Restructured Rights Issue will result in the issue of up to 259,335,363 new Shares and will raise up to \$5,446,042 (before costs). The Restructured Rights Issue is conditionally underwritten by Patersons Securities Limited to an amount of \$4,900,000 (**Underwritten Amount**), representing 233,333,334 new Shares.

The Prospectus relating to the Restructured Rights Issue has been lodged with ASIC and ASX, and is available for inspection on the ASX website at www.asx.com.au. The Prospectus containing the entitlement and acceptance form will be despatched to all shareholders registered at the Record Date. The Prospectus also contains a shortfall application form to enable shareholders and other investors to subscribe for new Shares in addition to any entitlement they may have.

The timetable and important dates of the Restructured Rights Issue are set out below:

Announcement of Rights Issue & Lodgement of Appendix 3B	22 December 2009
Lodgement of Prospectus with ASIC and ASX	23 December 2009
Notice sent to Shareholders	29 December 2009
Existing Shares quoted ex-Rights and Rights trading commences	30 December 2009
Record Date for determining Shareholder entitlements	6 January 2010
Despatch of Prospectus and Entitlement Form	12 January 2010
Rights trading Ends	19 January 2010
New Shares quoted on a deferred settlement basis	20 January 2010
Closing Date	27 January 2010
Notify ASX of under-subscriptions	1 February 2010

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Allotment and issue of new Shares	4 February 2010
Despatch of holding statements	4 February 2010

These dates are subject to change by the Company in consultation with the Underwriter and ASX.

Use of Funds

The funds raised from the Restructured Rights Issue will be used to:

- retire the Company's secured debt;
- assist with the growth of the Company's Brazilian drilling business;
- advance exploration at the Company's prospective exploration projects in Brazil;
- fund the evaluation of new projects; and
- provide general working capital.

Capital Structure

If the Restructured Rights Issue is subscribed up to the Underwritten Amount, the capital structure of the Company upon completion of the Restructured Rights Issue will be as follows:

	Shares
Shares on issue at date of Prospectus	172,890,242
Shares issued pursuant to Restructured Rights Issue	233,333,334
Total Shares Issued	406,223,576
	Contributing Shares
Contributing Shares on issue at date of Prospectus	3,425,725
Total Contributing Shares Issued	3,425,725
	Options
Unlisted Options exercisable at 30 cents on or before 31 December 2010.	1,000,000
Total Options Issued	1,000,000



If the Restructured Rights Issue is fully subscribed, the capital structure of the Company upon completion of the Restructured Rights Issue will be as follows:

	Shares
Shares on issue at date of Prospectus	172,890,242
Shares issued pursuant to Restructured Rights Issue	259,335,363
Total Shares Issued	432,225,605
	Contributing Shares
Contributing Shares on issue at date of Prospectus	3,425,725
Total Contributing Shares Issued	3,425,725
	Options
Unlisted Options exercisable at 30 cents on or before 31 December 2010.	1,000,000
Total Options Issued	1,000,000

In calculating entitlements under the Restructured Rights Issue, fractions will be rounded up to the nearest whole number.

The Restructured Rights Issue is renounceable so shareholders who do not wish to subscribe for some or all of the new Shares they are entitled to subscribe for can sell their respective Rights or purchase additional Rights if they so wish.

Full details of the Restructured Rights Issue will be contained in the Prospectus for the Restructured Rights Issue that will be mailed to all shareholders who are registered on the Record Date. Shareholders who are eligible to participate should read the Prospectus carefully.

Yours faithfully

RANDAL SWICK
EXECUTIVE CHAIRMAN