



Quarterly Activities Report for the quarter ended 30 September 2016

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

In August 2016, Cougar executed a LOI to acquire an 85% interest in the Ceara Lithium Project, located in north-eastern Brazil. The Project comprises 35 tenements (granted and applications) with an area of ~60,000Ha covering the historical lithium mining centre at Solonopole and an area encompassing the Cristal pegmatite swarm.

In addition, Cougar holds an option to acquire a 51% undivided interest in the Shoal Lake Gold East Project, located in the Shoal Lake region of Ontario, Canada; an area containing a number of past gold producers and significant exploration results. Work on the Project is suspended pending the Project vendor complying with arbitration orders.

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

In Australia, the Company holds the laterite nickel and cobalt 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

Randal Swick – Executive Chairman
Michael Fry – Executive Director
David Symons – Non Executive Director

Senior Management

Randal Swick – Managing Director
Michael Fry – CFO & Company Secretary

Capital Structure

Shares on Issue: 665,268,524
52 week range: \$0.001 - \$0.022
Last Price (29/10/16): \$0.013
Market Capitalisation: ~\$8.6 million

Substantial Shareholders

Marcia Swick – 41.5%
Savvy Capital Management – 20.8%

HIGHLIGHTS OF THE FIRST QUARTER OF FY17

Brazil Lithium

- Letter of Intent (LOI) executed with Dubai based investment group MMH Capital Ltd (MMH) to acquire an 85% interest in its “Ceara Lithium Project” located in the north-eastern Brazil state of Ceara.
- Ceara Lithium Project incorporates two separate areas lying ~100km apart, being (i) an area covering the historical lithium mining centre at Solonopole, and (ii) an area encompassing the Cristal pegmatite swarm.
- initial 30 applications covering ~51,000Ha formally granted by the Brazilian Mines Department (DNPM).
- additional 5 applications covering an area of 8,276Ha secured adjacent to granted applications at Solonopole.

Drilling Business

- Revenue from the provision of contract drilling services for the quarter ended 30 September 2016 was R\$1.921 million (quarter ended 30 June 2016: R\$2.173 million).
- Work commenced on a three rig contract in September 2016.
- 5 rigs currently in work and expected to be maintained through to the end of CY 2016.
- Increased drilling tender opportunities and enquiry in keeping with overall improved activity and confidence within the Brazil mining industry largely as a consequence of stabilised gold and iron ore prices.

Corporate

- Notice for upcoming 2016 Annual General Meeting has been despatched to shareholders and was lodged with ASX on 19 October 2016.
- The 2016 Annual General Meeting will take place at 2pm (WST) on Tuesday, 29 November 2016 at Level 1, 35-37 Havelock Street, West Perth, Western Australia.

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 2016.

EXPLORATION ACTIVITIES

Cougar’s exploration effort is focused on the Ceara Lithium Project in Brazil following the execution of a LOI to acquire an 85% interest in the project.

Additionally Cougar retains an option to acquire 51% of the Shoal Lake Gold Project, located in the northwestern Province of Ontario, Canada; and the rights to 100% of a Nickel and Cobalt Resource, located at its Pyke Hill Project near Leonora, Western Australia.

Ceara Lithium Project, Brazil

Background

The Ceara Lithium Project is located in Ceara State, in north-eastern Brazil.

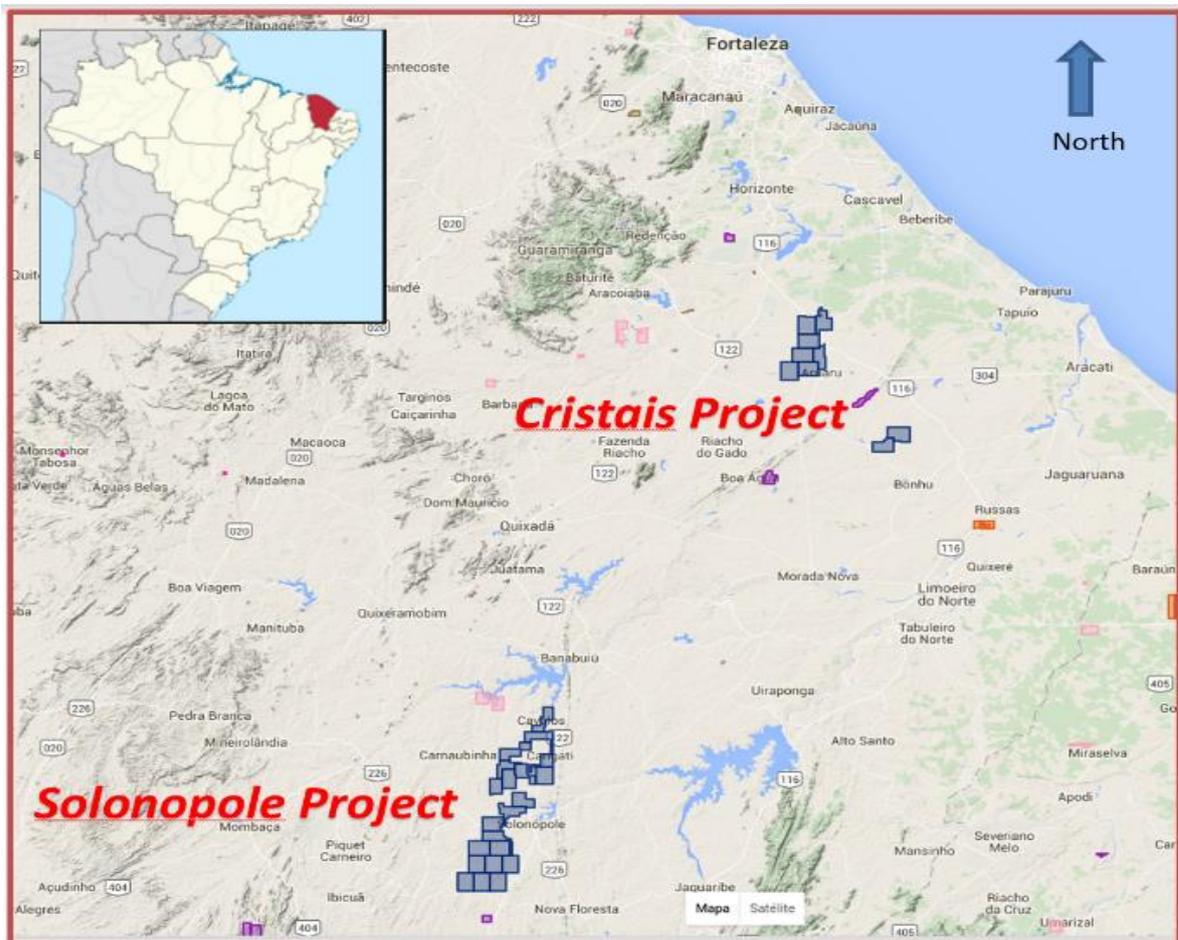


Figure 1: Location map of project areas in Ceara (north-eastern Brazil) state; application areas in blue

The Project is located across two separate areas, being (i) at Cristais (1.5 hours' drive from State Capital, Fortaleza) and (ii) at Solonopole (3.5 hours' drive from Fortaleza).

In total, the Project comprises thirty-five (35) applications covering an area of ~60,000Ha; of which thirty (30) applications totalling 51.593HA have been formally granted by Brazil's National Department of Mineral Production (**DNPM**) paving the way for exploration to commence.

Both Cristais and Solonopole have excellent infrastructure being located along major sealed highways and in close proximity to a high voltage national electricity grid.

Solonopole Project

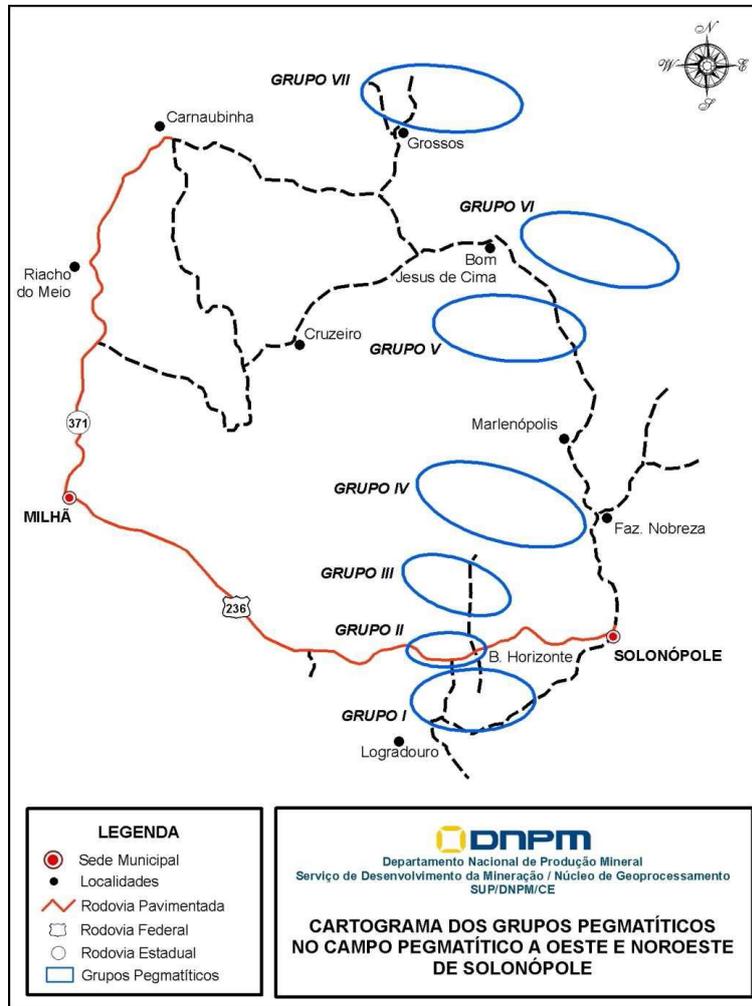
The Solonopole area is a known area of lithium mineralisation with lithium having been mined in the area intermittently over the past 40 years.

Historical production tonnages of lithium have not been recorded as mining operations have been informal and of small scale, with no pits going below 5 metres in depth.



Figure 2: small scale mining operation in Solonopole, typical of the region (from 1980's).

In 2012, the DNPM undertook a geological assessment of the Solonopole pegmatites. The DNPM identified seven (7) distinct areas of pegmatite as depicted in the following diagram:



Fonte: Adaptado de Souza (1985).

The minerals identified in each of the areas were determined as follows:

Area 1:	amblygonite and secondarily tantalite-columbite and beryl
Area 2:	quartz k-feldspar, clevelandite, spodumene, lepidolite, amblygonite, cassiterite, muscovite, tantalite, beryl and tourmaline;
Area 3:	amblygonite crystals up to 40 cm x 15 cm
Area 4:	amblygonite, tantalite-columbite and beryl
Area 5:	amblygonite, beryl and spodumene
Area 6:	beryl main production, in association with microcline, afrisite, apatite and other phosphates;
Area 7:	beryllium, mica and amblygonite

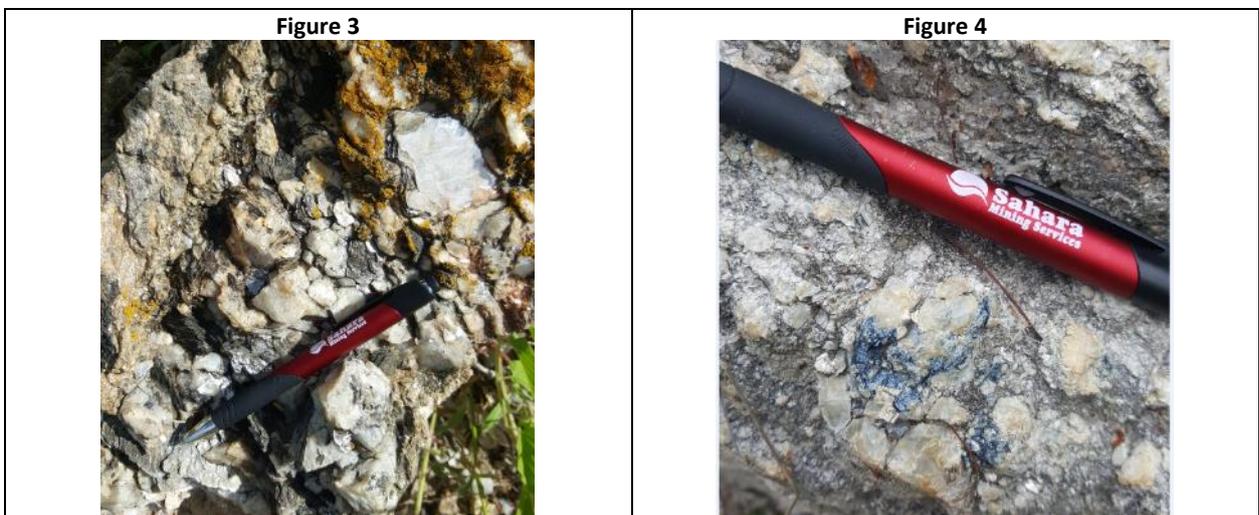
The DNPM's geological team took ~60 grab samples from each of the locations and had the samples assayed at ACME Laboratories in Brazil.

The assays returned 11 positive results with lithium grades ranging between 0.5% and 9.41% Li₂O, as presented in Table 1 following. The principle lithium minerals identified were spodumene, amblygonite and lepidolite.

Table 1		
DNPM Grab Sampling Results 2012		
Sample Number	Mineral	Li ₂ O
DNPN-53	Amblygonite	9.41
DNPN-26	Amblygonite	8.89
DNPN-01	Amblygonite	8.68
DNPN-41B	Lepidolite	4.84
DNPN-45	Lepidolite	3.16
DNPN-41A	Lepidolite	3.12
DNPN-52	Lepidolite	2.48
DNPN-37B	Lepidolite	2.35
DNPN-55	Lepidolite	1.96
DNPN-40	Amblygonite	1.03
DNPN-37A	Spodumene	0.43

** Samples assayed at ACME laboratory – details of analysis not provided.
 ***XRD undertaken to define mineralogy

The Images below show pegmatites identified during the site visit undertaken by MMH's geological consultants in March 2016.





Sampling Techniques, Data, Exploration Results (ASX Listing Rule 5.7)

Information material to understanding the exploration results pertaining to the Ceara Lithium Project was included in Appendix 1 of ASX announcement dated 3 August 2016.

Terms

A LOI has been executed between Cougar and MMH.

The key the terms of the LOI are:

- a “Newco” entity is to be registered with 85% ownership Cougar and 15% MMH
- Cougar will issue 100,000,000 shares in CGM to MMH following the formation of Newco
- Cougar will pay USD25,000 to MMH upon the transfer of 30,000ha of permits to Newco
- Cougar will free carry MMH until a decision to mine.

A formal agreement is now being prepared.

Activities During the Current Quarter

Work has been focussed around preparation for upcoming exploration program to involve:

- airborne geophysics and remote sensing targeting;
- project mapping and grab sampling;
- soil geochemistry;
- trenching; and
- drilling (RC).

Shoal Lake East Gold Project (Ontario, Canada)

Background

In January 2013, the Company entered into an Option Agreement with Kenora Prospectors & Miners, Limited (“KPM”) to acquire a 51% interest in its project located in the Province of Ontario, Canada. The option has been assigned to Cougar’s wholly owned Canadian subsidiary Tycoon Gold Resources Inc (Tycoon).

The project is host to the past producing Mikado and Cedar Island gold mines, a portion of the advanced undeveloped Cedar Island Mainland Gold Deposit, and a number of other significant gold occurrences. These occurrences describe a number of gold mineralised trends on the property and provide significant potential for the development of a high grade gold production operation.

Following the execution of the option agreement and the first two option payments, the vendors failed to respond to Tycoon’s reasonable requests to satisfy certain alleged breaches under the agreement. The Vendor counter claimed that Tycoon was in default of payments, which led to the instigation of arbitration proceedings.

In January 2016, the arbitrator, Mr John A.M. Judge, handed down his decision finding for Tycoon on all major matters and awarding Tycoon costs totalling CAD\$297,165.44, on an indemnity basis. In arriving at his decision, Mr John A.M. Judge, stated “Here, it is clear that Tycoon has succeeded on all major issues raised in the arbitration. Tycoon has not engaged in any misconduct and there is no principled basis on which to justify depriving Tycoon, as the successful party, of an award of costs in its favor.”

The Award specifically states that the Notice of Termination issued by KPM is null and void, meaning that the Agreement remains in force but suspended pending compliance by KPM of the orders of the arbitration.

Shoal Lake Project Summary and Description

Refer Appendix 1

Activities During the Current Quarter

Work on the Shoal Lake East Gold Project remains in suspension pending compliance by KPM of the orders of the arbitration.

Pyke Hill Project (Western Australia)

Background

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).

Activities During the Current Quarter

No new work was conducted during the quarter. The Company continues to seek a sale or third parties who may have an interest in participating in the Project.

SUMMARY OF TENEMENTS AND CHANGES

In accordance with ASX Listing Rule 5.3, Cougar advises of the following:

Project	Tenement Reference	Interest held by Cougar at 30 September 2016	Changes during the quarter (acquisitions /disposals)	Interest held by Cougar at 30 June 2016
Pyke Hill Nickel (Australia)*	M39/159	Ni/Co rights - 100%	-	Ni/Co rights - 100%
Shoal Lake Gold (Canada)	MH9	100%	-	100%
Shoal Lake Gold (Canada)	MH10	100%	-	100%
Shoal Lake Gold (Canada)	MH40	100%	-	100%
Shoal Lake Gold (Canada)	D259	100%	-	100%

* Cougar holds 100% of the Nickel and Cobalt Laterite rights in relation to the tenement, with tenement ownership to be transferred to Cougar upon the commencement of mining activities.

CONTRACT DRILLING BUSINESS ACTIVITIES

Geologica Sondagens is a wholly owned subsidiary of Cougar which provides contract drilling services to the mining industry in Brazil. Geologica Sondagens is headquartered in Belo Horizonte and operates a fleet of RC and Diamond Drilling rigs.

Geologica Sondagens revenue for the quarter ended 30 September 2016 was R\$1.921 million as compared with the previous quarter (ended 30 June 2016) of R\$2.173 million.

Work commenced on a three rig contract in September 2016, and there is currently 5 rigs in work; all of which are expected to work through to the end of CY 2016.

Revenues for the coming months are expected to remain strong on the back of increased drilling tender opportunities and enquiry in keeping with overall improved activity and confidence within the Brazil mining industry largely as a consequence of stabilised gold and iron ore prices.

CORPORATE UPDATE

Annual General Meeting

Notice for upcoming 2016 Annual General Meeting has been despatched to shareholders and was lodged with ASX on 19 October 2016.

The 2016 Annual General Meeting will take place at 2pm (WST) on Tuesday, 29 November 2016 at Level 1, 35-37 Havelock Street, West Perth, Western Australia.

For further information please contact the undersigned via email using r.swick@cgm.com.au or alternatively contact Michael Fry (Director, CFO & Company Secretary) on +61 8 9226 5002.

Yours sincerely

COUGAR METALS NL



RANDAL SWICK

Executive Chairman and Managing Director

Competent Person Statements:

The information in this report that relates to the Mineral Resource Estimate for the Pyke Hill Project is based on information compiled by Mr Paul Payne, a Member of the Australasian Institute of Mining and Metallurgy, and a full time employee of Runge Limited at the time the Mineral Resource Estimate was completed. Mr Payne had sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Payne has previously consented to the inclusion in reports of the information presented in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this release that relates to geological information, exploration results and historical resource estimates for the Shoal Lake Project (Canada) is based on information compiled by Mr Paul Nagerl and was in the view of Mr Nagerl an accurate representation of the data available for the project. Mr Nagerl was, at the time of compilation of the information, a member of the Association of Professional Geoscientists of Ontario and was engaged on a full-time basis as the Company's Exploration Manager through his personal services entity, Nagerl Geological Services Inc. Mr Nagerl is no longer engaged by Cougar Metals NL or its controlled entities. Mr Nagerl 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 has previously consented to the publishing of this information in the form and context that the information appears.

APPENDIX 1: PROJECT DESCRIPTION AND SUMMARY – SHOAL LAKE GOLD PROJECT



Location of the Shoal Lake project area in the north-western portion of the Province of Ontario

Discovery of gold in the Shoal Lake area was made during the late 19th century gold rush and led to the development of a number of gold deposits in north-western Ontario. At Shoal Lake, mining of gold commenced in 1893 and continued intermittently until 1936 when the regional focus changed to other developing gold belts within Ontario and in North America.

Shoal Lake is situated 15 kilometres south of the trans-Canada Highway between the Cities of Kenora and Winnipeg; and easily accessible year round. The Shoal Lake East property comprises mineral rights and surface rights in 28 patented mining claims totalling 637 hectares under option from KPM. Under the terms of this agreement, Cougar has the option to earn a 51% interest in the properties by making scheduled payment over five years totalling CAN\$ 5.875 million and completing a work program to extract a bulk sample from the Cedar Island Mainland gold deposit.

The property has undergone substantial exploration activity and holds the past producers Mikado and Cedar Island mines as well as a number of significant gold occurrences defining a series of semi-parallel convergent mineralized trends. The primary focus of this project is the advanced Cedar Island Mainland (CIML) gold deposit which is the mainland continuation of the historic Cedar Island mine.