



ASX Announcement
31 January 2018

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

The Company has an agreement to earn a 50% interest in the Toamasina Saprolitic Graphite Project located 50km south of the port city of Toamasina, in Madagascar. The project covers approximately 4400 Ha and provides a near term opportunity to develop a low capex, low opex, high quality graphite operation. Works are currently suspended pending the outcome of arbitration proceedings instigated by Cougar Metals NL.

Cougar is acquiring an 85% interest in the Ceara Lithium Project, located in north-eastern Brazil. The Project comprises 35 tenements with an area of ~60,000Ha covering the historical lithium mining centre at Solonopole the Cristal pegmatite swarm. Work to date at Solonopole has yielded high grade lithium and tantalum results from grab samples. Two principal areas of interest – each about 10km in strike have been identified. Soil sampling and trenching of targets is planned for Q3 FY2018 to delineate drilling targets.

Directors & Officers

Randal Swick – Executive Chairman
David Symons – Non Executive Director
Brian Thomas – Non Executive Director
Scott Reid – General Manager
Brett Tucker – CFO & Company Secretary

Capital Structure

Shares on Issue: 916,232,139
Last Price (30/10/2017): \$0.01
Market Capitalisation: ~\$9.2 million

Substantial Shareholders

Marcia Swick – 33.3%
Savvy Capital Management – 16.7%

December 2018 Quarter Activities Report

HIGHLIGHTS:

Brazil Lithium:

- **Further High –Grade Results returned from rock chip, soil and grab sampling of the Solonopole Lithium Project, Brazil with up to 9.33% Li₂O,**
- **Ten small scale historical lithium and tantalite mines identified to date**
- **Two target zones each approximately 10km in strike have been identified with clusters of outcropping pegmatites**
- **Regional geological mapping identifies additional pegmatite outcrops**
- **High grade tantalite results returned up to 3534ppm**

Madagascar Graphite:

- **Cessation of field activities following dispute with DNI Metals**

Corporate Activities:

- **Appointment of Scott Reid as General Manager**
- **Initiation of Arbitration Proceedings with DNI Metals**
- **Request for final award in Arbitration Proceedings with Kenora Prospectors and Miners (KPM) on the Shoal Lake Project in Ontario Canada**
- **Unmarketable parcel sale facility progressing**

ACTIVITIES REPORT

Ceara Lithium Project, Brazil (CGM 85%)

Highlights

- Grab sampling has returned high grade lithium results within Amblygonite pegmatites with the top 10 samples returning grades between 1.5% Li₂O and 9.33% Li₂O
- High grade tantalite results returned - up to 3534ppm
- Ten small scale historical lithium and tantalite mines identified to date
- Two target zones each approximately 10km in strike have been identified with clusters of outcropping pegmatites
- Regional geological mapping has identified additional pegmatite outcrops

Background:

The Ceara Lithium Project is located in Ceara State, in north-eastern Brazil. The Project comprises two separate areas; Solonopole and Cristais, with initial exploration efforts focussing on the Solonopole Area which is located in the central part of Ceará State, 276km by sealed road South of the city of Fortaleza, Brazil.

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

The region around the town of Solonopole (population of 18,000) is principally know for agriculture, mainly cattle farms.

However, 30-40 years ago the region was known for intense artisanal mining activity where small mines were operated for the extraction of tantalite-columbite, spodumene, amblygonite, beryl, crystal, albite and tourmaline.



Figure 1 - Location of Cristais and Solonopole in Brazil

Government mapping and sampling undertaken by Brazil Government Mining Department (DNPM) in 2012 identified more than 200 pegmatites over a 40 km by 10 km region that host the historical mines which has been the focus of Cougar’s recent exploration work.

Solonopole represents one of only 2 known lithium producing areas in Brazil. Cougar, as first movers, have established a dominant holding within this region.

Solonopole Project

The Solonopole project comprises 26 granted exploration permits with an additional four permits granted in recent days. These permits cover an area of 42,630 Ha or 426 square kilometres. During the quarter, Cougar’s exploration Geologist has been conducting mapping, sampling and general reconnaissance activities to systematically assess the large tenement package.

The mapping and reconnaissance activity consists of planning the routes, requesting authorisations from landowners and traversing historic roads and trails in search of occurrences of mineralised pegmatites and abandoned mines. GPS recordings were taken of the routes, positions of structural features, photos and sample collection points.

10 prospects have been identified with mineralised pegmatites to date and are the current priority for exploration efforts. Soil sampling programs consisting of a 50x50m grid has been undertaken across the 10 priority prospects to assist in defining the strike extents. A description of the 10 Prospects is provided in Figure 2 below.

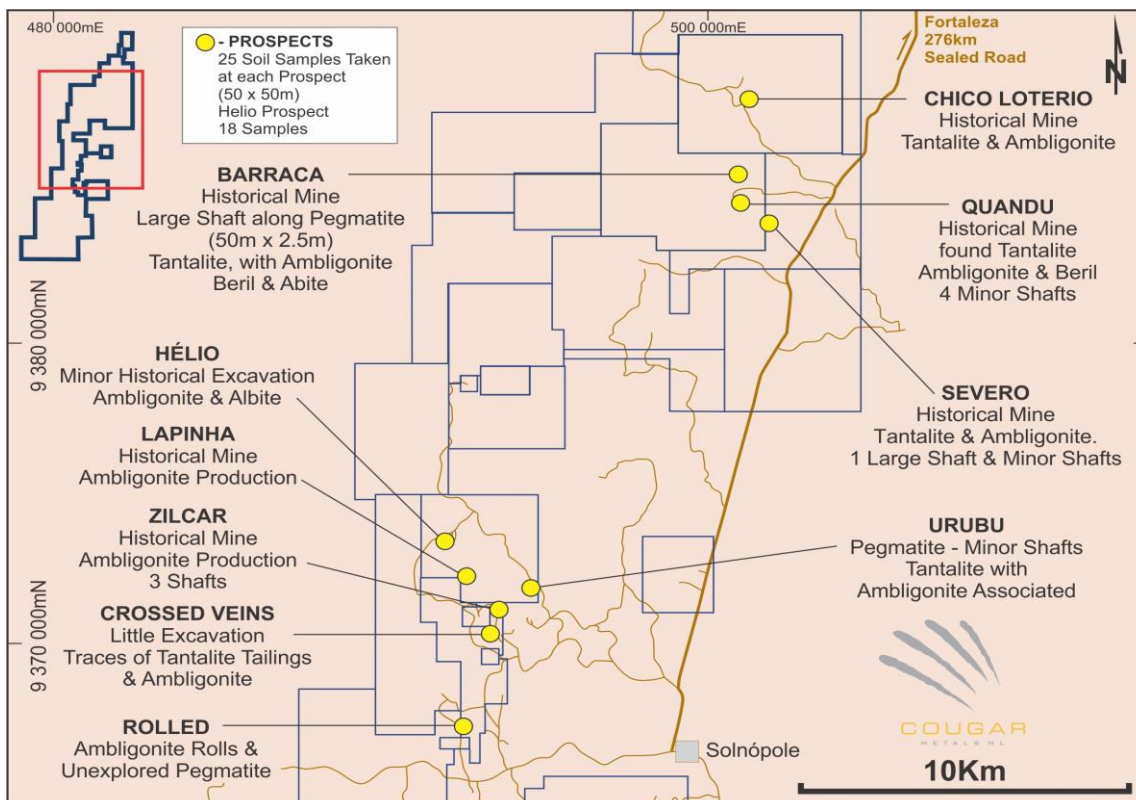


Figure 2 – Map of Cougar Prospects in Solonopole Project Area

Lithium minerals identified in the 10 prospects include Amblygonite, Spodumene and Lepidolite, and typically have associated minor columbite and tantalite mineralisation.

In the first round program, a total of 62 grab soil samples were taken with the top 10 samples returning grades between 1.5% Li₂O and 9.29% Li₂O. Lower grade Lithium zones have returned high grade Tantalum, with one sample returning 3534ppm Ta.

Results of these soil sampling grids have been received and returned anomalies that suggest the prospects potentially join up below surface around the fringe of the larger granite bodies to the east.

After review of the first round of results, a further program was initiated and completed during the period. The results from the second round of grab sampling results also returned several high-grade results. In total a further 71 grab samples were collected and the top 20 samples returning high grade results between 0.12% Li₂O and 9.33% Li₂O. The samples also returned Tantalum results of up to 2880ppm Ta.

Grab samples were taken along with field mapping by Cougar Geologists. The results of all samples greater than 0.1% Li₂O are shown in Table 1 below.

Refer to the ASX announcement dated 15 January 2018 for the full list of results including associated JORC disclosures.

Grab Sample Results

Sample	Northing	Easting	Description	Target	Li₂O (%)	Ta (ppm)
AM111	492318	9373415	Weathering Pegmatite	Helio	0.44	<10
AM119	501884	9383976	Ambligonite in vein	Severo	0.55	<10
AM113	492318	9373416	Pegmatite Vein	Helio	1.61	14
AM121	493721	9368879	Pegmatite vein	New Target	0.27	<10
AM112	492317	9373417	quartz with ambligonite	Helio	0.87	<10
AM114	492317	9373416	Ambligonite Rolled	Helio	2.42	41
AM116	492609	9372256	Pegmatite rock (ambligonite)	Lapinha	2.95	72
AM79	492618	9372231	Rolled Rock (Amblogonite)	Lapinha	4.06	38
AM117	501888	9383981	Pegmatite (ambligonite)	Severo	4.69	46



AM80	492595	9372223	Rolled Rock (Quartz with ambligonite)	Lapinha	5.47	75
AM105	492599	9367303	Pegmatite rolled (ambligonite)	Rolled	9.17	22
AM106	492588	9367309	Pegmatite rolled (ambligonite)	Rolled	9.33	33
AM89	492585	9367290	Pegmatite rolled with lepidolite	Rolled	1.78	2880

Exploration Program planned for Q3 2018

Follow-up exploration work during the March 2018 Quarter will be focussed on extending the soil grids between existing high-grade outcropping pegmatites to identify the regional trend of hidden pegmatites below the soil cover, and to perform follow-up trenching. Drilling will be planned following trenching results being received and is expected to start in Q4 FY 2018.

About Lithium

Lithium is a soft silvery-white metal which is highly reactive and does not occur in nature in its elemental form. In nature it occurs as compounds within hard rock deposits (such as those found at Solonopole and Cristais prospects and known as Lithium Bearing Pegmatites) and in salt brines.

Lithium and its chemical compounds have a wide range of industrial applications resulting in numerous chemical and technical uses. Lithium has the highest electrochemical potential of all metals, a key property in its role in lithium-ion batteries.

Lithium Bearing Pegmatites

Pegmatite is a coarse-grained intrusive igneous rock formed from crystallized magma below the Earth's crust. Pegmatite lithium deposits, also known as hard-rock lithium deposits, can contain extractable amounts of a number of elements, including lithium, tin, tantalum and niobium. The lithium minerals that occur in the pegmatites include spodumene, apatite, lepidolite, tourmaline and amblygonite.

The Company is further encouraged of the prospectively of the Solonopole Lithium Project by the return of high grade results in the last two rounds of sampling. These results together with recent site visit by Cougar's Managing Director, Randal Swick and Cougar's General Manager, Scott Reid have resulted in an acceleration of exploration its activities. Additional staff and equipment are being mobilised to site to aid in the completion of the soil sampling and mapping programs and conduct trenching activities.

Chairman Randal Swick commented: "It's clear we are dealing with a big mineral system and we must be sure that we refine our drill targets as best as possible."



Historical Tantalum/Lithium workings at Solonopole



Photo showing Quartz(L) v's Ambligonite (R)

Toamasina Graphite Project

Field activities at the Toamasina Graphite project ceased on October 3, 2017 following the arrest and subsequent jailing without trial, of Cougar's driller on October 3, 2017 instigated by a baseless criminal charge of sabotage, to a third party's bulldozer, made by DNIMM Sarl, the local subsidiary of DNI Metals (DNIMM).

Cougar was alerted to the arrest by an email from DNI's Project Manager, Mr Steven Goertz claiming that a police investigation was underway as a result of an Engineering Report that concluded sabotage had occurred. Mr. Goertz and DNI claimed that Cougar's driller was arrested as part of an independent police investigation.

The statements from Mr Goertz and DNI relating to the driller's arrest were false. In fact, DNIMM filed a criminal complaint directly against Cougar's driller, naming him as a sole saboteur.



Immediately upon examining the “Engineering Report”, a number of serious deficiencies were noted and Cougar called upon DNI and its directors to have the complaint against the driller withdrawn. In fact the “Engineering Report” was totally substandard and provided no evidence whatsoever of sabotage.

These deficiencies of the Engineering report highlighted to DNI management included:

- a) the lack of independence given it was prepared by the owner of the bulldozer
- b) no mention of the engines make, model, serial number, age, hours or service history
- c) no evidence to support dirt being placed in the engine
- d) no oil or filter analysis to support dirt in the engine
- e) no details of the author’s qualifications; and
- f) no evidence to support the conclusion of sabotage

Despite the obvious deficiencies in the report, and being notified that an innocent man was being held in jail, DNI and its directors did nothing to secure the release of Cougar’s driller from jail.

Several further requests were made of DNI and it’s directors with no response being provided. On October 17, 2017 a prepared document was sent to DNI and its director’s that, if executed by one director, and returned would result in all charges being dropped against Cougar’s driller and, yet again, DNI and its director’s failed to act.

Upon arriving in Madagascar on October 9, 2017, Cougar’s Executive Chairman, Randal Swick confronted DNI directors Mr Daniel Weir and Mr Keith Minty, advising them that they had a fiduciary, legal and moral obligation to secure the driller’s release. Again nothing was done, save for a further false police complaint being filed by DNIMM that evening, resulting in an arrest warrant for Mr Swick being issued the following day.

DNI proffered a false narrative to why the police complaint against Mr Swick was filed, claiming physical threats made by Mr Swick against DNI personnel. However, the police report falsely claimed that Cougar’s driller had confessed to sabotaging the bulldozer and Mr Swick had instructed him to do so.

Cougar views the filing of these false complaints, and the refusal to have them withdrawn, was a deliberately dishonest act on the part of DNI to further frustrate Cougar’s earn-in on the project, with the objective of provided a commercial benefit to DNI.

As a result of various delays including a 42-day stand down of drilling operations at DNI’s specific request, and those detailed above, Cougar requested an extension to the earn-in period on October 26, 2017. Under the Agreement dated March 24, 2017 DNI was obliged to grant legitimate extension requests for delays beyond Cougar’s control. DNI refused the request, only offering a 20-day extension - however this was during a period in which a warrant remained active for Mr Swick’s arrest.



The following events of significance followed:

- November 3, 2017 Cougar Serves DNI a Notice of default regarding improper site security, DNI's failure to respond to Cougar's enquiries and DNI's failure to provide a reasonable extension
- December 1, 2017 DNI serves Cougar a Notice of Default (see CGM release of Dec 6 for further details)
- December 6, 2017 Cougar serves DNI a Notice of Arbitration
- December 8, 2017 DNI terminates Agreement with Cougar
- January 10, 2018 DNI provides Response to Notice of Arbitration

Cougar is seeking the following relief through arbitration:

- a. An order of specific performance upon DNI in respect of the Definitive Agreement. This includes the granting of reasonable extensions in relation to the earn-in period, providing a harassment free work environment and for DNI to obtain the Mining Permit (PE) over the property;
- b. Alternatively, damages approximating 50% of the projects projected profits;
- c. In the further alternative, the rescission of the Definitive Agreement, the return of all funds advanced by Cougar on the Project, plus damages of US\$6 million per year for the life of the project;
- d. Damages resulting from DNI's misrepresentation to the market in the amount of US\$5 million; and
- e. Its full legal and arbitral costs

Drilling Business Update

As previously announced the Company made a decision to wind back drilling operations and liquidate its position in order for the Company to focus on its graphite and lithium exploration assets. No drilling services were performed during the quarter.

A further two diamond drilling rigs have been sold to a local drilling contractor, completing the disposal of the Company's diamond drilling assets. Funds, to be received over time, will be applied to employee terminations.

Cougar has retained its RC drilling capacity and is evaluating options regarding these assets.

Shoal Lake East Gold Project (Canada)

Work on the Shoal Lake East Gold Project remains in suspension pending compliance by KPM of the orders of the arbitration. See Corporate Section below for updates.

Please refer to www.cgm.com.au for further details on this project.

Pyke Hill Project (Western Australia)

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.

Please refer to www.cgm.com.au for further details on this project.



Corporate

Appointment of General Manager

As announced on 22 January, Cougar has appointed Mr. Scott Reid as its General Manager.

Scott has worked in Madagascar for nearly 10 years with a focus on developing mining, infrastructure and international trade related projects. Scott has intimate knowledge of the issues surrounding Cougar's dispute with DNI Metals Inc. and its management. As an experienced mining executive, Scott brings a wealth of knowledge to the role having been a founding director of Aim Resources, Discovery Metals and Gulf Industrials and served on the boards of Andean Resources, Admiralty Resources and Rimfire Pacific Mining.

Kenora Prospectors and Miners Limited Arbitration:

Following a favourable outcome on all claims in the arbitration proceedings by Cougar's wholly owned subsidiary Tycoon Gold Resources and Kenora Prospectors and Miners Limited (KPM) a partial award was handed down in favour of Cougar.

The final award was held in abeyance pending the compliance by KPM of various orders under the partial award which, despite several extensions, KPM has failed to accomplish. As such Cougar has now requested that the arbitrator hand down a final award. Both parties are required to submit various documents to debate damages which will result in the arbitrator being able to make the final award around July 2018. This date will be refined as the matter proceeds.

DNI Arbitration:

The parties have agreed to move the seat of arbitration to Toronto and have selected, by mutual agreement, a Toronto based arbitrator. Cougar awaits confirmation of the arbitrator's appointment by the London Court of International Arbitration (LICA) under which rules the arbitration, as previously agreed by the parties, is to proceed. Following the appointment the arbitral tribunal will be formed and a timetable will be agreed between the parties to expeditiously complete the arbitration process.

Annual General Meeting

The Company held its Annual General Meeting of shareholders on 28 November 2017 and all resolutions were passed on a show of hands.

Unmarketable Parcel Sale Facility

The Company is in the process of finalising the unmarketable sale facility, which was announced to the ASX on 10 October 2017. The Company expects to confirm the sale of shares of participants in the coming days.

For further information please contact the undersigned via email using r.swick@cgm.com.au.

Yours sincerely

COUGAR METALS NL

RANDAL SWICK

Executive Chairman



Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of Cougar Metals NL, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

Competent Persons Statements

The information in this report that relates to Exploration Results are extracted from ASX Announcements. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the Exploration Results or Minerals Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

Summary of Tenements and Changes

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

Project (Australia)	Tenement Reference	Interest held by Cougar at 30 September 2017	Changes during the quarter (acquisitions / disposals)	Interest held by Cougar at 31 December 2017
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.



Project (International)	Tenement Reference	Interest held by Cougar at 30 September 2017	Changes during the quarter (acquisitions /disposals)	Interest held by Cougar at 31 December 2017
Toamasina Graphite Project	PE38642	Earning to 50%	-	Earning to 50%
Ceara Lithium Project	9666/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9667/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9668/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9669/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9670/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9671/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9672/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9673/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9674/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9675/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9676/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9677/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9678/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9679/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9680/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9615/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9681/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9682/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9616/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9617/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9618/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9683/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9684/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9685/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9686/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9687/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9619/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9620/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9621/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	9622/2016	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	1521/2017	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	6349/2017	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	6350/2017	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	6351/2017	Earning to 85%	-	Earning to 85%
Ceara Lithium Project	6352/2017	Earning to 85%	-	Earning to 85%