



5 August 2011

Mr Sebastian Bednarczyk
ASX Compliance Pty Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Mr Bednarczyk

COUGAR METALS NL

We, Cougar Metals NL (ASX Code: CGM), refer to your letter of 3 August 2011 and respond to the queries contained within the letter as follows:

1. *Does the Company consider the Drill Hole Information (or any part of it) contained in the Activities Announcement to be material to the Company?*

Response: No

2. *When did the Company become aware of the Drill Hole Information contained in the Activities Announcement? Please include details of the relevant time and circumstances of the Company becoming aware of the Drill Hole Information?*

Response: The Company first became aware that it had received assay information upon the return to work from annual leave of Mr Jayme Leite (Exploration Manager) on the morning of 25 July 2011 (South American time). Please note that the time difference between Uruguay, South America and Western Australia is 12 hours; meaning that Mr Leite's return to work in central Brazil on the morning of 25 July 2011 was the equivalent of the evening on 25 July 2011 (Western Australian time).

Mr Leite had been absent on annual leave for approximately three weeks and during his annual leave some assay results had been emailed to his company email account by the Company's assay laboratory, with further assay results (as included in the announcement to market) not being received until 27 July 2011 (South American time).

During a telephone conversation between Mr Randal Swick (Managing Director) and Mr Leite on the morning of 25 July 2011 within a few hours of Mr Leite's return from annual leave, Mr Leite verbally advised Mr Swick that *'he had received assay results but had not yet had the opportunity to review them or log them against drill data, but would do so at the earliest'* or words to that effect.

For personal use only

In the late evening of 25 July 2011 (Uruguyan time), Mr Swick received a telephone call from Mr Bednarczyk of the Australian Stock Exchange (ASX), advising that the ASX would be sending to the Company a Price and Volume Query letter. During that conversation, Mr Swick was asked whether the Company was in receipt of exploration results and Mr Swick having only a few hours earlier spoken with Mr Leite responded in the affirmative but noted that the Company had not yet had time to review them.

The Company responded to the ASX Price and Volume Query letter of 26 July 2011 subsequently received at 12:16pm by 4.44pm that same day.

The following day (being 27 July 2011), the Company received a further telephone call from the ASX advising it that the ASX required it to immediately release the assay information to market; and that the Company should go into a trading halt until such time as it was in a position to do so.

Consequently, on the morning of 27 July 2011 (Western Australian time), the Company requested a trading halt and such request was granted.

In Brazil, Mr Leite immediately set about reviewing, logging and analysing the assay information. The work required and timeframe allowed was such that the Company was not in a position to present the information to market prior to market opening on the morning of Friday 29 July 2011 (Western Australian time) and was forced to request a suspension from trading. That suspension was granted.

At approximately 1pm (Western Australia time) the assay results were finalised and released to market.

3. *If the answer to any part of the question is 'yes' and the Company became aware of the Drill Hole Information (or any part of it) referred to in the Activities Announcement, prior to the time the Company released the Drill Hole Announcement, please advise the following:*

Response: Not applicable – the Drill Hole Information was not considered material upon it being logged and analysed. In any case, as described in the timeline of events above, the Company did not make an announcement to the market until approximately 1pm Friday 29 July 2011 as that was the earliest time that the Company was able to do so.

4. *If the answer to question 1 is 'no' please advise the basis on which the Company does not consider the Drill Hole Information (or any part of it) contained in the Activities Announcement to be material.*

Response: The Drill Hole Information relates to a very small area in which known mineralisation occurs and does not expand significantly the size of the known structure. Given the results, and furthermore considering the other activities of the Company, we are of the view that a reasonable person would not expect these results to have a material effect upon the value of the Company's securities.

5. *Please confirm that the Company is in compliance with listing rule 3.1.*

Response: The Company hereby advises that it is in compliance with listing rule 3.1.

Yours faithfully



RANDAL SWICK
Executive Chairman



ASX Compliance Pty Limited
ABN 26 087 780 489
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

GPO Box D187
PERTH WA 6840

Telephone 61 8 9224 0000
Facsimile 61 8 9221 2020

www.asx.com.au

3 August 2011

Randal Swick
Company Secretary
Cougar Metals NL
Suite 32-35, 22 Railway Road
SUBIACO WA 6008

By email: randal.swick@cougarmetals.com.au

Dear Randal

Cougar Metals NL (the "Company")

We refer to the following:

1. The Company's announcement released to ASX at 3:31 PM EST on 29 July 2011 and titled "Company Activities Update" (the "Activities Announcement"). The Activities Announcement included amongst other things, the drill hole information for the following drill holes:
 - ZV-DDH-01
 - ZV-DDH-02
 - ZV-DDH-03
 - ZV-DDH-06
 - ZV-DDH-07
 - ZV-DDH-08
 - ZV-DDH-09(the "Drill Hole Information")
2. The price query letter from ASX dated 26 July 2011 and the Company's response dated 26 July 2011, both released to the market at 8:25 AM EST on 27 July 2011.
3. The trading halt request by the Company dated 27 July 2011 and released to the market at 12:44 PM EST on 27 July 2011 (the "Trading Halt").
4. The increase in the price of the Company's shares from a closing price on 25 July 2011 of \$0.072 to an intra day high of \$0.086 on 26 July 2011, and \$0.078 on 27 July 2011 prior to the Company entering the Trading Halt.

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

For personal use only

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity".

Further we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

Paragraph 18 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

- 3.1A.1 A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 One or more of the following applies.*
- It would be a breach of a law to disclose the information.*
 - The information concerns an incomplete proposal or negotiation.*
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - The information is generated for the internal management purposes of the entity.*
 - The information is a trade secret."*

Finally, we would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 34 to 40 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"'Confidential' in this context has the sense of 'secret'..." and loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the Activities Announcement, the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the Drill Hole Information (or any part of it) contained in the Activities Announcement to be material to the Company?
2. When did the Company become aware of the Drill Hole Information contained in the Activities Announcement? Please include details of the relevant time and circumstances of the Company becoming aware of the Drill Hole Information.
3. If the answer to any part of question 1 is "yes" and the Company became aware of the Drill Hole Information (or any part of it) referred to in the Activities Announcement, prior to the time the Company released the Drill Hole Announcement, please advise the following:
 - 3.1 Please advise why the Company did not make an announcement at an earlier time or request a trading halt earlier.

3.2 Why was the Drill Hole Information not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1?

4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Drill Hole Information (or any part of it) contained in the Activities Announcement to be material.

5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7A to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5:00 PM (WST) on Friday, 5 August 2011**.

Your response should be sent by email on sebastian.b@asx.com.au or alternatively by facsimile on facsimile number **(08) 9221 2020**. It should not be sent to the Company Announcements Office.

Yours sincerely

[sent electronically without signature]

Sebastian Bednarczyk
Adviser, Listings (Perth)