

TOAMASINA HIGH QUALITY GRAPHITE PROJECT UPDATE

HIGHLIGHTS:

- **Drilling rig has arrived in Madagascar and expected to be released from customs by end of March**
- **Access roads and support facilities awaiting arrival of drill rig**
- **Drilling to focus on the central 1km portion of 2.5km of mineralized strike of high quality graphite flake identified with grades to 25% Cgr**
- **Previous high quality graphite mineralisation hosted in Saprolite (weathered rock amendable to free dig mining operations) identified along strike from surface**
- **1000m of trenching be completed to delineate a 43-101 compliant resource statement and conduct metallurgical studies**
- **Acquisition terms revised to facilitate better co-operation with vendor**

Cougar Metals NL (ASX Code: CGM) (“Cougar”) is pleased to provide an update on the Toamasina Graphite Project.

The drilling rig despatched from Brazil in February has arrived into the port of Toamasina and is currently undergoing customs clearance, expected by the end of March.

Access roads and support facilities are in place awaiting the arrival of the drilling rig and crew. The drilling program is not expected to be impacted by cyclone Enawo which recently caused significant damage to the North East coast of Madagascar.

The initial drilling program will consist of a minimum of 3000m of aircore drilling, focussing on the central 1km portion of an overall mineralised zone comprising 2,500m of strike, where previous exploration, by way of trenching and test-pitting, has identified graphite mineralisation hosted in Saprolite (weathered rock amenable to free dig mining operations). This 900m zone averages approximately 200-300m in width.

1000m of trenching will also be completed to assist achieving the program’s objectives to delineate a 43-101 compliant resource statement and conduct metallurgical studies.

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Revised Terms of Deal:

Cougar Metals and the Project vendor, DNI Metals, have agreed to incorporate into the definitive agreement amended terms to facilitate greater co-operation between the parties. The revised terms include:

- a) The 200K AUD payment due 15 March, 2017 is now delayed to March 31, 2017.
- b) A 50/50 Joint Venture between the parties shall form immediately following the completion of a Ni43-101 compliant Preliminary Economic Assessment by October 31st 2017 and
- c) The removal of existing buyout provisions for both parties following the PEA completion.

Toamasina Graphite Project Benefits

- **Mineralisation contained in weathered profile amenable to free dig mining**
- **Low Cap ex and Op ex for processing facilities**
- **High quality graphite flake identified over 2.5km strike with grades to 25% Cgr**
- **Located 50km by main highway south of Madagascar's main port**
- **Project is held under granted Mining Lease**
- **Low cost jurisdiction**
- **Madagascar is an established producer of premium quality graphite**

For further information please contact the undersigned via email at 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

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Executive Chairman