



3 February 2011

## FINANCING AGREEMENT WITH YORKVILLE ADVISORS

**Cougar Energy Limited (ASX: CXY)** advises that it has received notification from YA Global Master SPV Ltd (YA Global) as to the status of the Equity Line of Credit Agreement between the Company and YA Global (Credit Facility).

YA Global considers the Company's receipt of the Notice of Proposed Action for the Kingaroy site from the Queensland Government Department of Environment and Resource Management (DERM) is an Event of Default and causes a Material Adverse Effect under the Credit Facility.

YA Global is presently *not* exercising its right to terminate the Credit Facility but reserves the right to do so at any time in the future while the Event of Default continues.

While the Company is presently unable to draw down funds under the Credit Facility, the Credit Facility remains on foot. The Company anticipates that funding would be available again in the event that the Notice of Proposed Action is withdrawn by DERM. The Company has until 28 February 2011 to make representations to DERM as to why the actions proposed under the Notice should not proceed.

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