

31 October 2012

COUGAR ENERGY LIMITED
QUARTERLY REPORT (Pursuant to Listing Rule 5.2)
JULY - SEPTEMBER 2012

No exploration, development or production work was carried out during the quarter ending 30 September 2012 on the tenements controlled by Cougar Energy Limited (ASX: "CXY").

During the reporting period the Mineral Development Licence for the Wandoan MDLa 420 was progressing to registration. Registration is anticipated in the next quarter. The JORC compliant resource is 360 million tonnes of thermal coal (32 million tonnes indicated and 328 million tonnes inferred).

The Company announced to the ASX on 17th August 2012 that it had placed its two coal assets for divestment. These assets include the Wandoan EPC 1118/MDLa 420 located in the Surat Basin in Queensland and the Mackenzie EPC 1445 in the Bowen Basin also in Queensland. Negotiations with interested parties are advancing and the company continues to review its options as to the optimal strategy for these coal assets.

Cougar Energy's two court actions in Queensland (seeking damages as well as overturning the orders to close down the Kingaroy site) are still continuing.

Cougar Energy continues to roll out its Asian Business Strategy with a view to commercialising Underground Coal Gasification in its target countries of Indonesia, Mongolia and China.

Negotiations continue with local partners in each country to gain access to coal leases that have been identified to develop potential Underground Coal Gasification projects for the generation of electricity.

Cougar Energy and its Indonesian partner, PT Medco Energi Mining Internasional, continue focussing in on three prospective project areas – two in Kalimantan and one in Sumatra.

Other opportunities in Mongolia and China continue to be brought to Cougar Energy.

Competent Persons Statement

The information as it relates to coal resources in this announcement is based on information compiled by Mr. Garry Leblang who is a Fellow of the Australian Institute of Mining and Metallurgy. Mr. Leblang is employed by Himap Pty Ltd., trading as Coal Search Consultants. Mr. Leblang has in excess of 40 years experience, and therefore sufficient experience is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2004 edition of the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*. Mr. Leblang consents to the use of the resource figures in the form and context in which they appear in this announcement.

Cougar Energy Limited

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