



ASX ANNOUNCEMENT

Wednesday 17 October 2012

COUGAR ENERGY RESTRUCTURES

Cougar Energy Limited (ASX:CXY) is pleased to announce that, following a detailed strategic review of its business model, it is restructuring into a diversified global energy company.

Chief Executive Office (CEO) and Managing Director Rob Neill said the move was a significant business decision and further underpins the company's Asian Business Strategy whilst also unlocking additional hidden value in the company.

"In conducting the review I found that we were in a unique position with two significant and wholly-owned coal assets in the Surat and Bowen Basins of Queensland. I believe there are specific actions we can undertake to capitalise on the value of these assets for the benefit of all shareholders," Mr Neill said.

"The coal sale asset divestment process that we announced on 17 August 2012 continues with strong interest from various parties, however simply conducting a divestment of these assets as they stand today may not necessarily maximise their value given the current coal markets," the CEO said.

"What we have done is create a vehicle in the form of a wholly-owned separate company, which will house the existing coal assets along with other anticipated global resource asset acquisitions. Given the Company's aggressive pursuit of coal prospects in Indonesia, China and Mongolia, we are being exposed to a range of non-UCG energy investment opportunities that could add significant value to the company," he said.

"The new non-UCG company will be called Kandoman Resources and, subject to the necessary approvals, will hold our two tenements in Queensland; Wandoan - a 360 million tonne thermal coal JORC compliant resource in the Surat Basin, and Mackenzie - a PCI Coal asset in the Bowen Basin with an Exploration (non-JORC) Target of between 120-170 million tonnes," Mr Neill said.

"This means there will be two distinct business streams of UCG (in Cougar Energy) and non-UCG energy (in Kandoman Resources), opening up the path for Cougar Energy to become a truly diversified global energy company," he said.

"This diversification ensures that we are not relying on a single business stream for future success, we are providing better market exposure to the true value of Cougar Energy," the CEO said.

The new structure now allows shareholders and potential investors a chance to benefit from the commercialisation of UCG in Asia and also share in the added value that Kandoman Resources provides," he said.

"We can now offer three different levels of investment: participation at the listed company level to share in the success of a diversified energy company; a wider resources play by participating in the value upside of Kandoman Resources; and the opportunity to get involved in specific exploration projects," Mr Neill said.

