



Monday 8 April 2013

## LETTER TO COUGAR ENERGY LIMITED SHAREHOLDERS FROM THE BOARD OF DIRECTORS

### *Strategy Review by newly constituted Board*

Dear Shareholder

As you will be aware, a restructure of your Board was announced to the ASX on 8 March 2013.

In response, the Directors have completed an initial assessment of the Company's business strategy and its current activities. We are acutely aware of **the need to restore confidence and increase value for all shareholders.**

In order to achieve this, **the Company's initial priorities** are as follows:

- Pursuing the value in Cougar Energy's Metallurgical (PCI) and Thermal coal assets in Queensland by:
  - Establishing JORC resources for the Mackenzie PCI coal project in Queensland's Bowen Basin;
  - Seeking strategic investors in the project and/or potentially a cornerstone investor in the Company; and
  - Completing evaluation at scoping level for options relating to our Wandoan project.
- Investigating opportunities to consolidate the Company's portfolio with complementary coal assets;
- Reviewing our global positioning and the market attractiveness of UCG sector; and
- Lowering our corporate overhead base to more sustainable levels.

We are of the opinion that **UCG and its related technologies should remain integral to the Cougar Energy business in the future** as we redefine our strategic approach to UCG in Asia. The Company will seek to resolve its issues related to the Kingaroy project and focus on a smaller number of opportunities within Indonesia through our MOU with Indonesia's largest listed energy company, Medco Energi. Both of your new Directors have extensive experience working in Indonesia as well as a wide-ranging network of contacts.

Your Company will be making releases to the ASX and on our website [www.cougarenergy.com.au](http://www.cougarenergy.com.au) over the coming periods to reflect the progress of our initial priorities and other changes taking place within the Cougar Energy business.

Separately, you will receive a Notice advising of an Extraordinary General Meeting to be held in



Melbourne on Thursday 9 May 2013. We would be pleased to meet you at this Meeting and discuss the activities of the company.

Should you not be able to attend and would like to speak to any of the Directors, please call our office on + 61 (0)3 9909 7200 and arrangements will be made for one of us to call you.

Our objective is to build long term sustainable shareholder wealth and we look forward to your continued support for our committed and energetic management team and Board of Directors.

Yours sincerely

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Andrew Matheson  
Chairman

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Andrew Purcell  
Non-Executive Director

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Rob Neill  
CEO & Managing Director