



ASX ANNOUNCEMENT

Friday 1 March 2013

COUGAR ENERGY INITIATES WORKS PROGRAM FOR MAIDEN JORC RESOURCE AT MACKENZIE

Cougar Energy Limited (ASX: CXY) is pleased to announce that it has initiated the works program for the Company's 100% owned Mackenzie coal tenement (EPC 1445) located in the Bowen Basin (Queensland).

It is currently estimated that the drilling program and generation of the JORC resource report will be completed within the next three months.

Mr Rob Neill, CEO and Managing Director of the Company commented: "This is a significant step forward in the rejuvenation and transition strategy of Cougar Energy and is designed to generate long term value uplift for our shareholders."

"We are utilising funds from the recent capital raising."

Rob Neill

CEO & Managing Director

About the Mackenzie Coal Tenement (EPC 1445)

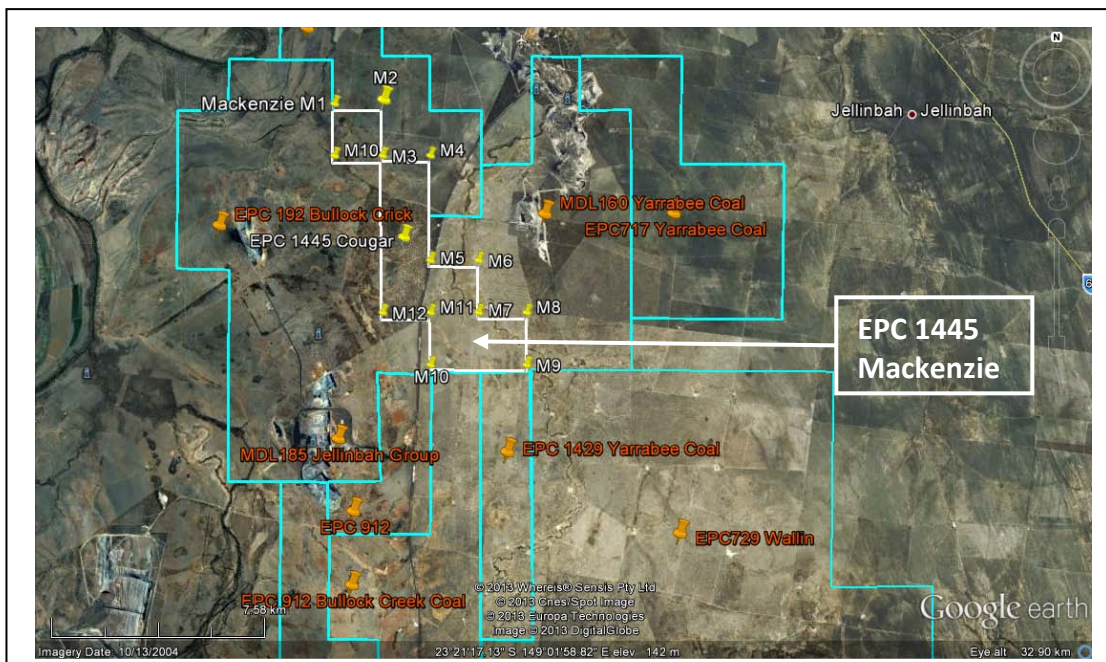
Highlights:

- Exploration target: 120-170 million tonnes *#
- Anticipated metallurgical (PCI) grade coal *#
- Adjacent to current producing coal mines
- 26km haul road direct to the coal transport rail system (Blackwater Rail Line)
- Rail Line runs directly to the Port of Gladstone

The metallurgical (PCI) coal target resource is situated in the Bowen Basin between the long established Jellinbah PCI and the Yarrabee PCI & Thermal operating coal mines (see photograph below).

The asset is located with a haul road running through the tenement. The haul road is utilised by Yarrabee and together with Jellinbah they deliver product coal to a stockpile and rail loading facility located some 26 kms away. The Blackwater Rail Line then connects through to the Port of Gladstone.

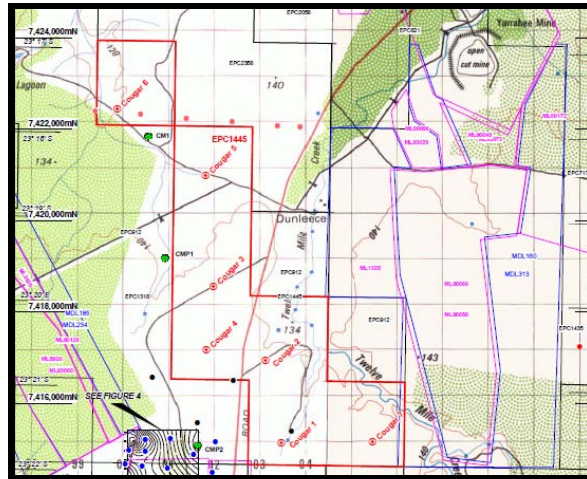
The conceptual mine plan for Mackenzie is for a potential 3.0 Mta underground longwall mine delivering a PCI grade coal product for export markets.**



Mackenzie EPC 1445



Mackenzie Planned Drilling Program



**Planned 7 well drilling program
(EPC 1445 is within the red borders)**

* Competent Persons Statement

The information as it relates exploration targets advised in this presentation is based on information compiled by Mr. Garry Leblang and covers the following report: A report dated 15 May 2012 titled: "Report on Investigation of Historical Exploration Date and Potential Coal Resources EPC 1445 MacKenzie, Bowen Basin Queensland". Any reference to reported exploration targets as to coal quantity and quality for Mackenzie is considered conceptual in nature. Exploration of the Mackenzie EPC 1445 carried out to date is insufficient to be able to estimate and report coal resources in accordance with the JORC Code (2004). It is uncertain if further exploration will result in the determination of a Coal Resource. Mr Leblang is a Fellow of the Australian Institute of Mining and Metallurgy. Mr. Leblang is employed by Himap Pty Limited, trading as Coal Search Consultants. Mr. Leblang has in excess of 40 years geological experience and therefore sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, 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 Presentation. The resource and exploration target information in this report has been released to the Australian Securities Exchange.

Presently there has been no exploration by Cougar Energy on the Mackenzie tenement. The basis for setting the target quantity is based on Mr Leblang's report (refer to Competent Persons Statement above) which referenced 25 reports held by the Queensland Department of Natural Resources and Mines of historical drilling results to extrapolate the geology of the area and make inferences about potential coal targets. Mr Leblang also considered geological mapping, shallow drilling results, mines exposures and seismic mapping from the immediate region, most particularly the Pollux coal seams, which are well-known PCI grade coal seams. The target estimate of quantity was based on the understanding of the thickness of one of the Pollux seams multiplied by the area of the EPC 1445 and using an in-situ density factor of 1.4.

** Cougar Energy's mine planning concepts as outlined herein are subject to successful delineation of required coal resources, timely delivery by third parties of proposed rail and port capacity expansions, capital availability, approval and compliance within all relevant regulatory frameworks, financial feasibility and other key inputs.