



Cougar Energy Limited

ABN 75 060 111 784

Appendix 4D

For the Half-Year Ended
31 December 2012

APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

The following information is given under ASX listing rule 4.2A.3.

1. DETAILS OF THE REPORTING PERIODS COVERED

	Period Covered	From	To
Current reporting period	6 months	01-07-2012	31-12-2012
Corresponding previous reporting period	6 months	01-07-2011	31-12-2011

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half-year Ended		Amount	Percentage	Change
	31-12-2012	31-12-2011	Changed	Change	Up /
	\$	\$	\$	%	Down
2.1 Revenue from ordinary activities	66,274	167,125	(100,851)	-60.34%	Down
2.2 (Loss) from ordinary activities after income tax attributable to the owners of Cougar Energy Ltd	(1,429,249)	(2,186,404)	757,155	-34.63%	Down
2.3 Net (loss) after income tax attributable to the owners of Cougar Energy Ltd	(1,429,249)	(2,186,404)	757,155	-34.63%	Down

	Half-year ended 31-12-2012			Half-year ended 31-12-2011		
	Amount Paid per Share	Franked Amount per Share	Record Date for Determining Entitlements	Amount Paid per Share	Franked Amount per Share	Record Date for Determining Entitlements
	\$	\$		\$	\$	
2.4 Interim dividends paid	-	-	-	-	-	-
Final dividends paid	-	-	-	-	-	-

APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

2.6 Brief explanation of any of the figures in 2.1 to 2.4 above that is necessary to enable the figures to be understood.	<p>Business development activities centre around the following:</p> <ul style="list-style-type: none"> • Development of the Company's conventional coal assets in Queensland (Mackenzie and Wandoan). • Identifying suitable UCG sites in Indonesia, China and Mongolia. <p>The Company has no operations generating revenues. It continues to progress the preparation of the two legal proceedings in the Queensland courts seeking damages and orders to permit underground coal gasification activities at Kingaroy.</p>
---	--

3. NET TANGIBLE ASSETS PER SHARE

	As at 31-12-2012 Cents	As at 31-12-2011 Cents
3.0 Net tangible assets per ordinary share	0.21	0.39

4. CHANGE IN CONTROL OVER GROUP ENTITIES

4.0 Details of entities over which control has been gained or lost during the half-year ended 31 December 2012.	<p>The Company set up the following wholly owned limited liability companies:</p> <ul style="list-style-type: none"> • Cougar Energy Singapore Pte Ltd • Kandoman Resources Pty Ltd (Australia) <p>In the period these entities have not entered into any material transactions.</p>
---	--

5. DIVIDEND'S AND PAYMENTS

5.0 Details of individual and total dividends or distributions and dividend or distribution payments.	None.
---	-------

6. DIVIDEND REINVESTMENT PLANS

6.0 Details of any dividend or distribution reinvestment plans in operation.	None.
--	-------

APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

7. ASSOCIATES AND JOINT VENTURE ENTITIES

7.0 Details of associates and joint venture entities ("A+JVE").	Half-year ended 31-12-2012	Half-year ended 31-12-2011
1 Name of associate or joint venture entity Type of venture Name of the group's investee entity Reporting entity's ownership interest in the venture Ventures contribution to the net loss after income tax attributable to the owners of Cougar Energy Ltd	-	-
2 Name of associate or joint venture entity Type of venture Name of the group's investee entity Reporting entity's ownership interest in the venture Ventures contribution to the net loss after income tax attributable to the owners of Cougar Energy Ltd	-	-
3 Name of associate or joint venture entity Type of venture Name of the group's investee entity Reporting entity's ownership interest in the venture Ventures contribution to the net loss after income tax attributable to the owners of Cougar Energy Ltd	-	-
4 Name of associate or joint venture entity Type of venture Name of the group's investee entity Reporting entity's ownership interest in the venture Ventures contribution to the net loss after income tax attributable to the owners of Cougar Energy Ltd	-	-
Total share of net losses after income tax from ventures attributable to the owners of Cougar Energy Ltd	<u>-</u>	<u>-</u>

8. ACCOUNTING STANDARDS USED BY FOREIGN ENTITIES

8.0 For foreign entities, which set of accounting standards is used in compiling the report.	Australian Accounting Standards are consistently applied for all group entities.
--	--

9. AUDIT DISPUTE OR QUALIFICATION

9.0 Details for all entities if the accounts contain an independent audit report or review that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph	<p>The half year financial report has been subject to review by the company's auditor. The review report contains an emphasis of matter relating to going concern.</p> <p>A copy of the independent auditor's review report is included with the attached financial statements for the half-year ended 31 December 2012.</p>
---	--



Cougar Energy Limited

ABN 75 060 111 784

Interim Financial Report

For the Half-Year Ended
31 December 2012

This Interim financial report is provided to the ASX under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2012 Annual Financial Report and any announcements made to the market during the period.

Directors

Mr Malcolm McAully	Chairman of the Board & Audit Committee Chairman
Mr Robert Neill	Managing Director *
Ms Sarah-Jane Christensen	Non-Executive Director
Dr Len Walker	Executive Director**

Company Secretary

Mr Rajeev Chandra

Registered Office

Suite 1002, Level 10,
530 Little Collins Street,
Melbourne, Victoria, 3000
Australia

Telephone +(61 3) 9909-720
Facsimile +(61 3) 9909-721

Website

www.cougarenergy.com.au

Principal Victorian Office

Same as the registered
office

Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, Victoria, 3067
Australia
Telephone + (61 3) 9415-5000
Facsimile + (61 3) 9473-2500

Auditors

BDO
Level 14, 40 William Street,
Melbourne, Victoria, 3000
Australia

Solicitors

Holman Fenwick Willan
Level 36, 600 Bourke Street,
Melbourne, Victoria, 3000
Australia

Stock Exchange Home Branch

Australian Securities Exchange Limited (ASX)
Level 4 North Tower, Rialto 525 Collins Street, Melbourne

Victoria, 3000
Australia

ASX Securities Codes

Fully paid ordinary shares

* Appointed from 6 August, 2012

** Managing Director to 6 August, 2012

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

The Directors of Cougar Energy Limited submit their report for the half-year ended 31 December 2012.

DIRECTORS

The names and particulars of the Directors of Cougar Energy Limited in office at any time during or since the end of the period:

Name and qualifications	Title	Capacity
Mr Malcolm McAully B.Bus, Grad Dip Bus, MBA, GAICD	Chairman of the Board of Directors, Chairman of the Audit Committee	Non-Executive Director
Mr Robert Neill MBA, MPA	Managing Director (Appointed 6 August 2012)	Executive Director
Ms Sarah-Jane Christensen B.Ec, LLB, LLM, MBA, MAICD	Member of Audit Committee	Non-Executive Director
Dr Leonard Walker BE, MEngSci, PhD (Cantab), MBA, FAusIMM, MIEAust, FAIE	Technical Director from 6 August 2012 Managing Director to 6 August 2012	Executive Director

REVIEW OF OPERATIONS

The Company's operations during the half year to 31 December 2012 were divided between Australia and the Company's strategic focus to develop a sustainable business in Asia.

Australia

The Company continues to progress the preparation of the two legal proceedings in the Queensland courts: (1) an action in the Supreme Court at Brisbane seeking damages, interest and costs from the State of Queensland and named officials, and (2) a Notice of Appeal in the Planning & Environment Court seeking orders to permit underground coal gasification activities to re-commence at Kingaroy.

In the reporting half year, the Company announced that it was seeking expressions of interest for two coal assets in Queensland – the Wandoan and MacKenzie tenements. In order to make these assets more visible, the Company has established Kandoman Resources Pty Ltd, a wholly owned subsidiary of the Company. Subject to government approvals, the tenements are to be transferred into the new subsidiary. The Company continues to discuss various proposals from interested parties as to how to develop these tenements.

Asia

The Company continues to focus on Indonesia, Mongolia and the People's Republic of China for developing projects in Asia. During the reporting half year it renewed the Memorandum of Understanding (MOU) with MedcoEnergi in Indonesia and entered into a new MOU with Hulaan Coal in Mongolia. The MOU's provide for the Company and its respective partners to work together to investigate sites for potential UCG projects.

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

RESULTS

The consolidated net loss after income tax attributable to the owners of Cougar Energy Limited for the half-year ended 31 December 2012 was \$1,429,249 (2011 loss: \$2,186,404)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the next page.

This report is made in accordance with a resolution of the directors.



Rob Neill
Managing Director

Melbourne
27 February 2013



Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF COUGAR ENERGY LIMITED

As lead auditor of the review of Cougar Energy Limited for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect Cougar Energy Limited and the entities it controlled during the period.

James Mooney

Partner

BDO East Coast Partnership

Melbourne, 27 February 2013

COUGAR ENERGY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Notes	31 December 2012 \$	30 June 2012 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,734,428	2,474,460
Trade and other receivables		615,860	829,283
Other financial assets		1,168,241	1,237,741
Total current assets		3,518,529	4,541,484
Non-current assets			
Exploration and evaluation assets	4	951,855	913,619
Property, plant and equipment		261,821	380,717
Intangible assets		473,536	514,378
Total non-current assets		1,687,212	1,808,714
TOTAL ASSETS		5,205,741	6,350,198
LIABILITIES			
Current liabilities			
Trade and other payables		527,325	552,971
Borrowings		46,682	233,410
Provisions		1,326,671	1,331,762
Total current liabilities		1,900,678	2,118,143
Non-current liabilities			
Borrowings		-	24,080
Provisions		5,810	5,269
Total non-current liabilities		5,810	29,349
TOTAL LIABILITIES		1,906,488	2,147,492
NET ASSETS		3,299,253	4,202,706
EQUITY			
Share capital	5	72,347,956	71,771,316
Reserves		(21,731)	(24,324)
Accumulated losses		(68,993,204)	(67,563,955)
Total equity attributable to the owners of Cougar Energy Limited		3,333,021	4,183,037
Non-controlling interests		(33,768)	19,669
TOTAL EQUITY		3,299,253	4,202,706

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

COUGAR ENERGY LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Notes	Half Year Ended 31 December 2012 \$	Half Year Ended 31 December 2011 \$
REVENUE		66,274	167,125
EXPENSES			
Communication costs		140,401	124,943
Depreciation and amortisation		102,511	197,358
Employee benefits expense		876,379	810,344
Insurance expenses		82,256	75,793
Impairment expenses		293,999	349,933
Professional fees		336,808	562,256
Securities quotation fees		34,245	43,204
Tenancy & Other costs		10,001	119,803
Travel costs		145,491	78,523
Total Expenses		2,022,091	2,362,157
LOSS BEFORE INCOME TAX		(1,955,817)	(2,195,032)
Income Tax Benefit	6	473,476	-
TOTAL LOSS AFTER INCOME TAX FOR THE YEAR		(1,482,341)	(2,195,032)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX <i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in exchange in the translation of foreign operations		(2,763)	7,664
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(2,763)	7,664
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,485,104)	(2,187,368)
Profit / (Loss) for the year is attributable to:			
Non-Controlling interests		(53,092)	(8,628)
Owners of Cougar Energy Limited		(1,429,249)	(2,186,404)
		(1,482,341)	(2,195,032)
Total comprehensive income for the year is attributable to:			
Non-Controlling interests		(53,437)	(8,496)
Owners of Cougar Energy Limited		(1,431,667)	(2,178,872)
		(1,485,104)	(2,187,368)
		<u>Cents</u>	<u>Cents</u>
Basic earnings per share		(0.12)	(0.19)
Diluted earnings per share		(0.12)	(0.19)

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

COUGAR ENERGY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

Consolidated Transactions:	Equity attributable to the owners of COUGAR ENERGY LIMITED						Total Equity \$
	Contributed Equity \$	Share-based Payments Reserve \$	Foreign Currency Translations Reserve ("FCTR") \$	Accumulated Losses \$	Equity Attributable to equity Holders of the Parent \$	Non-Controlling Interests in Group Entities \$	
Balances at 01-07-2012	71,771,316	-	(24,324)	(67,563,955)	4,183,037	19,669	4,202,706
<u>Comprehensive income transactions</u>							
Loss after tax for the period	-	-	-	(1,429,249)	(1,429,249)	(53,092)	(1,482,341)
Other comprehensive income							
Movement in the FCTR	-	-	(2,418)	-	(2,418)	(345)	(2,763)
Total comprehensive income	-	-	(2,418)	(1,429,249)	(1,431,667)	(53,437)	(1,485,104)
<u>Transactions with owners in their capacity as owners</u>							
(a) Contributions by owners							
New ordinary share issues	300,000	-	-	-	300,000	-	300,000
Conversion of convertible note	186,728	-	-	-	186,728	-	186,728
Unissued equity	100,000	-	-	-	100,000	-	100,000
Ordinary share issue costs	(10,088)	-	-	-	(10,088)	-	(10,088)
Share-based payments	-	5,011	-	-	5,011	-	5,011
(b) Distributions to owners							
Dividends paid	-	-	-	-	-	-	-
(c) Changes in ownership interests in group entities							
Accumulated losses adjustment due to ownership interest change	-	-	-	-	-	-	-
Non-controlling interest in group entity share issues	-	-	-	-	-	-	-
Total transactions with owners	576,640	5,011	-	-	581,651	-	581,651
Balances at 31-12-2012	72,347,956	5,011	(26,742)	(68,993,204)	3,333,021	(33,768)	3,299,253

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

COUGAR ENERGY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

Consolidated Transactions:	Equity attributable to the owners of COUGAR ENERGY LIMITED						
	Contributed Equity \$	Share-based Payments Reserve \$	Foreign Currency Translations Reserve ("FCTR") \$	Accumulated Losses \$	Equity Attributable to equity Holders of the Parent \$	Non-Controlling Interests in Group Entities \$	Total Equity \$
Balances at 01-07-2011	71,155,209	257,830	(31,991)	(64,278,312)	7,102,736	33,483	7,136,219
<u>Comprehensive income transactions</u>							
Loss after tax for the period	-	-	-	(2,186,404)	(2,186,404)	(8,628)	(2,195,032)
Other comprehensive income							
Movement in the FCTR	-	-	7,532	-	7,532	132	7,664
Total comprehensive income	-	-	7,532	(2,186,404)	(2,178,872)	(8,496)	(2,187,368)
<u>Transactions with owners in their capacity as owners</u>							
(a) Contributions by owners							
New ordinary share issues	-	-	-	-	-	-	-
Ordinary share issue costs	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-
(b) Distributions to owners							
Dividends paid	-	-	-	-	-	-	-
(c) Changes in ownership interests in group entities							
Accumulated losses adjustment due to ownership interest change	-	-	-	-	-	-	-
Non-controlling interest in group entity share issues	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
Balances at 31-12-2011	71,155,209	257,830	(24,459)	(66,464,716)	4,923,864	24,987	4,948,851

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

COUGAR ENERGY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Notes	Half Year Ended 31 December 2012 \$	Half Year Ended 31 December 2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,289,130)	(1,905,502)
Interest received		62,078	127,709
Receipts from customers		-	39,412
Net cash (outflow) from operating activities		(1,227,052)	(1,738,381)
CASH FLOWS FROM INVESTING ACTIVITIES			
Refund for security deposits on long-term tenancies		2,000	-
Payments for property, plant and equipment		(2,710)	(47,752)
Payments for exploration and evaluation assets		(38,237)	(350,511)
Refund /(Payments) of portion long term guarantee		67,500	(4,558)
Proceeds of sales from property, plant and equipment		68,900	531,169
Net cash inflow from investing activities		97,453	128,348
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from ordinary shares issued by the parent entity		400,000	-
Payments for share issue costs		(10,088)	-
Net cash inflow from financing activities		389,912	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(739,687)	(1,610,033)
Cash and cash equivalents at the beginning of the half year		2,474,460	5,043,046
Effects of exchange rate changes on cash and cash equivalents		(345)	(6,834)
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR		1,734,428	3,426,179

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

COUGAR ENERGY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Corporate Information

The financial report of Cougar Energy Limited (the 'Company' or 'consolidated entity') for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the Directors as per the date of signature on the Directors Declaration. Cougar Energy Limited is a company limited by shares incorporated in Australia whose shares are publically traded on the Australian Securities Exchange ('ASX') with the ASX trading code of 'CXY'.

The principal activities of the Company during the year centred around the development of the Company's conventional coal assets in Queensland (Mackenzie and Wandoan) and, identifying suitable UCG sites in Indonesia, China and Mongolia.

Basis of preparation

These general purpose financial statements for the half-year ended 31 December 2012 have been prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting* ('AASB 134').

The half-year financial report does not include notes of the type normally included in an annual financial report and therefore should be read in conjunction with the annual financial report for the year ended 30 June 2012 and considered together with any public announcements made by the Company during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The accounting policies and methods of computation, judgements, estimates and assumptions adopted in the preparation of the half-year are consistent with those adopted and disclosed in the Company's most recent annual financial report for the year ended 30 June 2012. All amounts are presented in Australian dollars, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

COUGAR ENERGY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (continued)

Going Concern

The Company has incurred a net loss attributable to the owners of Cougar Energy Limited of \$1,429,249 during the half year ended 31 December 2012 (31 December 2011: loss of \$2,186,404) and had cash outflows from operating activities of \$1,227,052 (31 December 2011: outflows of \$1,738,381).

The financial statements have been prepared on a going concern basis which assumes the realisation of assets and extinguishment of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- At 31 December 2012, the consolidated entity had cash and cash equivalents of \$1,734,428. As at 27 February 2013, the consolidated entity had cash and cash equivalents of \$2,718,832.
- On 21 February 2013 the Company announced it has raised A\$1.043 million (before costs) through a placement of newly issued shares to professional and sophisticated investors.
- The Board is of the opinion that, subject to satisfactory market conditions, the Company will be able to further access equity capital markets for working capital.
- The Board has previously announced that it is in discussions with a number of parties regarding potential transactions that may include capital raisings, acquisitions of other coal assets and the development of UCG projects.
- The Company has prepared cash flow budgets which include cash outflows for project expenditure, which can be deferred wholly or in part if insufficient capital is raised to fund that activity.
- The Company has in place an equity funding agreement with The Australian Special Opportunity Fund LP (fund managed by The Lind Partners, LLC based in New York). The agreement was put in place in February 2012 and has been regularly utilised for funding to support the activities of the Company. The agreement matures in February 2014. Scheduled monthly prepayments of funding has been postponed for three months from February 2013.

The Company's ability to continue to adopt the going concern assumption will depend upon successful raisings in the future for its ongoing funding. In the event of capital raisings being unsuccessful, there exists a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

The Directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

NOTE 2 INVESTMENTS IN CONTROLLED ENTITIES

Name of controlled entity	Date of Incorporation	Country of Incorporation	Class of Equity held	Cougar Energy Limited's holdings* in controlled entities as at:	
				31 December 2012 %	31 December 2011 %
Cougar Energy UCG Pty Ltd	27-03-2003	Australia	Ord shares	100.00%	100.00%
Cougar Energy (UK) Ltd	01-06-2006	United Kingdom	Ord shares	47.80%	47.80%
Cougar Energy Pakistan (Private) Ltd **	18-03-2008	Pakistan	Ord shares	N/A	47.80%
Cougar Energy Mongolia LLC	03-08-2011	Mongolia	Ord shares	100.00%	100.00%
Cougar Energy Asia Holdings Ltd	09-02-2012	Australia	Ord shares	100.00%	-
Cougar Energy Asia Ltd	29-02-2012	Hong Kong	Ord shares	100.00%	-
Cougar Energy Hong Kong Ltd	07-03-2012	Hong Kong	Ord shares	100.00%	-
Cougar Energy Singapore Pte Ltd	16-07-2012	Singapore	Ord shares	100.00%	-
Kandoman Resources Pty Ltd	05-10-2012	Australia	Ord shares	100.00%	-

* The proportion of ownership interest is equal to the proportion of voting power held.

** Cougar Energy Pakistan (Private) Ltd is 100% owned by Cougar Energy (UK) Ltd. This company was deregistered in the half year to 31 December.

COUGAR ENERGY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 3 SEGMENT INFORMATION

The principal business of the group is the development of UCG projects in Australia and Asia.

Management has determined the operating segment based upon reports reviewed by the Board and executive management that are used to make strategic decisions. Management and the Board consider the business only from a business operational perspective and therefore only reviews reports based upon its current development operations as disclosed within these financial statements. Whilst the Company has invested limited capital into its overseas operations, both the Board and management consider these currently insignificant for separate segment reporting purposes.

NOTE 4 EXPLORATION AND EVALUATION ASSETS

	31 December 2012 \$	30 June 2012 \$
<u>(a) Kingaroy, Qld UCG Project</u>		
Cost at the start of the financial period	-	-
Additions for the period	293,999	644,808
Impairment charge for the period	(293,999)	(644,808)
Cost at the end of the financial period	-	-
<u>(b) Wandoan, Qld UCG Project</u>		
Cost at the start of the financial period	893,563	864,496
Additional expenditure	31,510	69,604
Impairment charge for the period	-	(40,537)
Cost at the end of the financial period	925,073	893,563
<u>(c) Thar Desert Project, Pakistan</u>		
Cost at the start of the financial period	-	98,192
Additional expenditure	-	8,804
Impairment charge for the period	-	(108,636)
Translational gain/(loss)	-	1,640
Cost at the end of the financial period	-	-
<u>(d) Mackenzie, Qld</u>		
Cost at the start of the financial period	20,056	3,364
Additional expenditure	6,726	16,692
Cost at the end of the financial period	26,782	20,056
Total exploration and evaluation assets	951,855	913,619

COUGAR ENERGY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 5 EQUITY SECURITIES ISSUED

During the half-year ended 31 December 2012, the following equity securities were issued.

Consolidated Group and Cougar Energy limited					
	Issue	Securities	Gross	Securities	Gross
	Price	Issued	Proceeds	Issued	Proceeds
	\$	2012	2012	2011	2011
		Number	\$	Number	\$
(a) Movements in fully paid ordinary shares					
Contributed equity at the start of the half-year		1,207,759,047	71,771,316	1,131,931,902	71,155,209
Gross Proceeds received from:					
New shares issued – share placement	0.005	20,000,000	100,000	-	-
New shares issued – share placement	0.006	16,666,667	100,000	-	-
New shares issued – share placement	0.005	20,000,000	100,000	-	-
New shares issued – share placement	0.005	20,000,000	100,000	-	-
Less share issue transaction costs		-	(10,088)	-	-
Contributed equity from ordinary shares		1,284,425,714	72,161,228	1,131,931,902	71,155,209
(b) Other equity securities					
Unissued equity included in contributed equity at opening		-	(100,000)	-	-
Unissued equity at end of half year		-	100,000	-	-
Equity portion of convertible note previously recognised		-	(113,272)	-	-
New shares issued – convertible note conversion	0.005	30,000,000*	250,000	-	-
New shares issued – convertible note conversion	0.004	12,500,000	50,000	-	-
Total Contributed equity		1,326,925,714	72,347,956	1,131,931,902	71,155,209
<i>* Does not include 20,000,000 shares issued as collateral in previous financial year</i>					
(c) Movements in fully paid unlisted management options					
Reserve balance at the start of the half-year		-	-	7,400,000	257,830
Fair value adjustments for existing options					
Pro-rata fair value recognition over three-year vesting period	0.0000	3,000,000	5,011	-	-
Reserve balance at the end of the half-year		3,000,000	5,011	7,400,000	257,830

NOTE 6 INCOME TAX BENEFIT

The Company in the half year, recognised a refund under the Research and Development Tax Incentive scheme which has since been received after period end.

COUGAR ENERGY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 7 CONTINGENT LIABILITIES

As at 31 December 2012, the Company had no *additional* contingent liabilities to those disclosed at 30 June 2012.

NOTE 8 EVENTS OCCURRING AFTER THE BALANCE DATE

The following note relates to significant events that have occurred since 31 December 2012, involving Cougar Energy Limited or its subsidiary entities. Where possible the financial impact of the event(s) has also been quantified. The financial effects of these have not been brought to account at balance date.

**Effective
Date**

Transaction details and financial impact:

31 January 2013	The remaining unconverted part of the Convertible Note held by The Australian Special Opportunity Fund LP was converted into fully paid ordinary shares , thereby removing the loan liability of \$75,000 from the Company's balance sheet.
1 February 2013	The Company announced it is in discussions with a number of parties regarding potential transactions that may include capital raisings, acquisition of other coal assets and development of UCG projects. The Company has established data rooms and appointed an external advisor.
21 February 2013	The results of a completed capital raising were announced to the market: a placement of 208,600,000 new fully paid shares at A\$ 0.005 (0.5 cents) as made to sophisticated and professional investors raising A\$ 1.04 million (before costs).
26 February 2013	The Company announced that orders by consent were made in the Queensland Supreme Court proceedings to permit the amendment of the pleadings in the damages action.

DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

The Directors of Cougar Energy Limited declare that :

1. the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and
 - (b) complying with Accounting Standard AASB 134 '*Interim Financial Reporting*' and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that Cougar Energy Limited will be able to pay its debts as and when they become due and payable for the reasons documented in Note 1 to the financial statements.

This declaration is made in accordance with a resolution of the directors.



Rob Neill
Managing Director

Melbourne
27 February 2013

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cougar Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cougar Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cougar Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cougar Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cougar Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 "Going Concern" in the financial report, which indicates that the consolidated entity incurred a net loss of \$1,485,104 for the half year, and had net cash outflows from operating activities of \$1,227,052. These conditions, along with other matters as set forth in Note 1, give rise to a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern, and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO East Coast Partnership

A small, stylized version of the BDO logo, with the letters 'BDO' in a handwritten or script font.

A handwritten signature in cursive script, appearing to read 'James Mooney'.

James Mooney

Partner

Melbourne, 27 February 2013