



ASX ANNOUNCEMENT

Monday 24 June 2013

EPC 1445 MACKENZIE EXPLORATION UPDATE

HIGHLIGHTS

- Phase 1 drilling programme successfully concluded.
- Target seams (Aries, Castor, Pollux and Pisces) intersected.
- Laboratory test work commenced.
- Geological modelling commenced.
- Mineral Development Lease application progressing (MDLa 503, 504).

Cougar Energy Limited (ASX: CXY - “the Company”) is pleased to provide this update on the Phase 1 exploration results at its Mackenzie coal tenement EPC 1445 (MDLa 503 & 504) in the Bowen Basin, Queensland.

PHASE 1 EXPLORATION

Drilling commenced at Mackenzie on 15 May 2013. All holes drilled intersected the targeted Rangal Coal Measures sequence – the **Aries, Castor, Pollux and Pisces seams**. Based on logging and geophysics, the seams appear consistent with the regional geology and locally available data. The seams have been intersected from a minimum depth of 283m in hole CED002 to a maximum depth of 451m in hole CED003.

Phase 1 of the field work was initially planned as a programme of up to 6 holes. Early in the drilling programme, the Company gained access to historical drilling and geophysics through a data sharing arrangement with Bow Energy.

After reviewing the logging and coring results from the first 3 drill holes along with historical borehole data, the Company reduced the drilling programme by 3 holes and concentrated on the southern section of the EPC which covers approximately 60% of the 2,100ha project area. A total of 2,197 metres was drilled including 262 metres of HQ size core.

All holes were geophysically logged and samples are now being analysed.

Geological modeling work has commenced for the project. Figures 1 and 2 show the drilling operations and the completed borehole locations at Mackenzie





All seams have now been intersected within the southern section of the EPC. The remaining area towards the north will be explored during future drilling phases, following evaluation of the Phase 1 data.

The Company's previous Exploration Target of 120Mt - 170Mt Metallurgical (PCI) coal (Cougar Energy Quarterly Activities Report 30 April 2013 and Investor Presentation 1 May 2013) was conservatively based on the regional information available at the time and included the Pollux seam only.

As a result of the coal intersections from the Phase 1 programme, the Exploration Target for the project including all seams over the full 2,100ha area, has been increased to 150Mt - 240Mt of metallurgical and thermal quality coal. In accordance with the JORC Code 2012, the potential quantity and grade of this Exploration Target is of a conceptual nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Exploration Target has been based on the 4 coal seams and a cumulative coal thickness range of 7-11 metres of coal across the tenement area. A discount factor has then been applied for geological loss including potential structure and seam thinning. All 4 seams display thicknesses amenable to underground mining. A default relative density of 1.40 g/cc was used to estimate the Exploration Target range.

Mackenzie is bounded to the west and east by the Jellinbah and Yarrabee mines, whose majority of production is ultra low volatility PCI coal, as well as production of semi soft and thermal coals. Considering its proximity to these mines, Mackenzie is expected to be of similar quality. For the purposes of presenting an Exploration Target, at a conceptual level, the following product coal quality range is assumed based on publically available data ("Queensland Coals – Physical and Chemical Properties").

Table 1: Conceptual Product Quality Range Mackenzie Project

Specification	Quality Range
Total Moisture %(ar)	8.0 - 8.5
Ash %	9.5 - 14.5
Volatile Matter %	8.0 - 15.5
Total Sulphur %	0.60 - 0.75
Calorific Value (kcal/kg gad)	7,400 - 7,600
CSN	<3

The potential estimation of a JORC Compliant Resource from this data is subject to the receipt of the laboratory test data. Appendix A to this announcement summarises, in accordance with the JORC Code 2012, the JORC Table 1 sampling and reporting assumptions to date.

Figures 3 and 4 below show the core intercepts within boreholes CED002 and CED003.



Figure 3: CED002 Core (Aries Seam)



Figure 4: CED003 Core (Pisces Seam)



Commenting on the work to date, Cougar Energy CEO & Managing Director Mr Rob Neill said: “The initial results of the Phase 1 drilling programme are very encouraging. Geological modelling has commenced and will be reported once coal quality results are available. We would expect this in mid-July.

“At that stage, considering the regionally established transport infrastructure and logistical services, we would expect to have the basis to progress our Mineral Development Lease application and commence scoping study work for the project as an underground mine in Queensland’s world renowned Bowen Basin”.

Rob Neill

CEO & Managing Director

COMPETENT PERSON’S STATEMENT

The information in this Announcement that relates to the Exploration Target at the Mackenzie tenement EPC 1445 is based on information compiled by Mr Troy Turner, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Turner is a full-time employee of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and has 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 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Turner consents to the inclusion in of the matters based on his information in the form and context in which it appears in this Announcement.

ABOUT MACKENZIE (100% COUGAR ENERGY)

The Company is the holder of Exploration Permit for Coal (EPC) 1445 (MDLa 503, 504) in the Central Bowen Basin in Queensland. The coal tenement is located approximately 25 km north-east of Blackwater and covers an area of 21 km² (2100ha). It is located between the open cut operating mines of Jellinbah and Yarrabee as shown below.

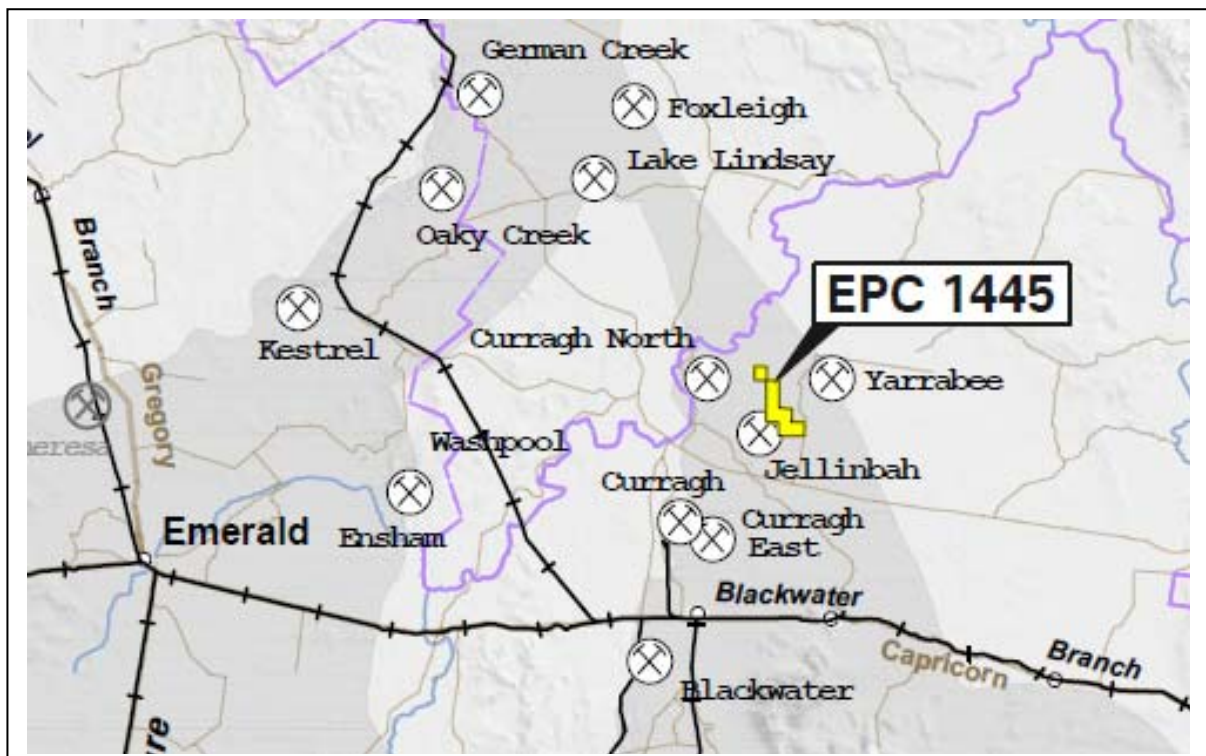


Figure 5: Mackenzie Project Location

Appendix A. JORC CODE, 2012 EDITION – TABLE 1

SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria listed in the following section also apply to this section.)

Criteria	JORC Code explanation	CP Comments
<i>Sampling techniques</i>	- Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. - Aspects of the determination of mineralisation that are Material to the Public Report. - In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	- All coal seams intersected that were greater than 0.2 metres were sampled. Any stone band greater than 0.3 metres ("m") in thickness was sampled separately to the coal. All sampled coal core was double bagged on site and are being transported to the laboratory for testing. Samples were assigned individual sample numbers and accompanied by a sample advice sheet. - Coal quality samples from cored holes are being sent to the Bureau Veritas International Trade Australia Pty Ltd ("BV") coal quality laboratory in Brendale, QLD. All coal quality samples were prepared and analysed using Australian Standard testing methodologies.
<i>Drilling techniques</i>	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	- All coal quality holes were cored (partially or fully) using a HQ3 size barrel, 61.1 millimetres ("mm") core diameter. - Structural holes were fully chipped using blade or hammer and mud drilling fluids.
<i>Drill sample recovery</i>	- Method of recording and assessing core and chip sample recoveries and results assessed. - Measures taken to maximise sample recovery and ensure representative nature of the samples.	An assessment of core recovery has been made by comparing the measured recovered thickness and the thickness in the geophysical log; if seam was slightly below 95% then other data (e.g. geologist's recovery sheets and photos) were examined

Criteria	JORC Code explanation	CP Comments
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	before a redrill was required. A linear core recovery was found to be more representative than a volumetric recovery calculated by the laboratory. Samples volumetric recovery factor were also established and verified by the coal quality laboratory.
<i>Logging</i>	- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. - Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. - The total length and percentage of the relevant intersections logged.	- All cores were geologically logged, marked and photographed before sampling; geological/geotechnical features identified were reported. - All chipped holes were geologically logged. - All holes were geophysical logged with a minimum density, calliper, gamma and verticality, unless operational difficulties prevented logging or part logging of a hole. - All geophysical tools were calibrated by the logging company Weatherford using their own strict calibration procedures, carried out at their central Queensland base.
<i>Sub-sampling techniques and sample preparation</i>	- If core, whether cut, sawn and whether quarter, half or all core take - If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. - For all sample types, the nature, quality and appropriateness of the sample preparation technique. - Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. - Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. - Whether sample sizes are appropriate to the grain size of the material being sampled.	- All core coal samples were double bagged on site and are being transported to the laboratory for testing. - The lab, BV complies with Australian Standards for sample preparation and sub sampling. - All coal samples will be crushed to a top size of 11.2 mm before analysis, which is common in the industry for HQ3 core (61.1 mm core diameter).
<i>Quality of assay data and laboratory tests</i>	- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. - For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors	- The coal quality laboratory BV complies with Australian Standards for all coal quality tests and is certified by the National Association of Testing Authorities, Australia (NATA). - Geophysical tools were calibrated by the logging company Weatherford.

Criteria	JORC Code explanation	CP Comments
	applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	
<i>Verification of sampling and assaying</i>	- The verification of significant intersections by either independent or alternative company personnel. - The use of twinned holes. - Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. - Discuss any adjustment to assay data.	- Many levels of analysis results verification are included in the Australian Standards relating to coal quality analysis. - Coal quality results have not been received, as the testing is not yet complete.
<i>Location of data points</i>	- Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. - Specification of the grid system used. - Quality and adequacy of topographic control.	- Hole locations were set by handheld gps, and will be professionally surveyed at the completion of all drilling operations. - One topographic dataset has been used: - The second topography surface was generated from ASTER Global Digital Elevation Model ("ASTER GDEM") survey. It has been captured with 1.5 arc-second resolution, equivalent to approximately 32 m.
<i>Data spacing and distribution</i>	- Data spacing for reporting of Exploration Results. - Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. - Whether sample compositing has been applied.	- Drill hole spacing has been dictated by the characteristics and consistency of the Aries, Castor, Pollux and Pisces seams in the deposit. Maximum drill hole spacing within the exploration target area is currently approximately 2,000 m. - Considering the low variability in thickness of the main seams in the deposit, this spacing has proven to be sufficient to give adequate control to the model and give the required confidence in the geological interpretation.
<i>Orientation of data in relation to</i>	- Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. - If the relationship between the drilling orientation and the	The orientation and spacing of the drilling grid is deemed to be suitable to display coal seam continuity within the target area.

Criteria	JORC Code explanation	CP Comments
<i>geological structure</i>	orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	
<i>Sample security</i>	The measures taken to ensure sample security.	Sample security was ensured under a chain of custody between ECE personnel on site and the BV lab.
<i>Audits or reviews</i>	The results of any audits or reviews of sampling techniques and data.	Xenith and ECE was responsible for implementing the sampling techniques and data.

SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	CP Comments												
<i>Mineral tenement and land tenure status</i>	- Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. - The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	Cougar holds one tenement that covers the Mackenzie River project area. <table><tr><th>Tenure Type</th><th>Tenure No</th><th>Date Logged</th><th>Area in hectares ("ha")</th><th>Sub-Blocks</th><th>Holder</th></tr><tr><td>EPC</td><td>1445</td><td>1/7/2008</td><td>2100</td><td>7</td><td>Cougar Energy Ltd.</td></tr></table>	Tenure Type	Tenure No	Date Logged	Area in hectares ("ha")	Sub-Blocks	Holder	EPC	1445	1/7/2008	2100	7	Cougar Energy Ltd.
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Criteria	JORC Code explanation	CP Comments
<i>Exploration done by other parties</i>	Acknowledgment and appraisal of exploration by other parties.	- Exploration drilling undertaken by other parties in the Mackenzie River area has been reviewed as a part of this report. - There are four historic boreholes drilled by Bow Energy external to the lease boundary that were also used in the geological model. These were captured under a data share agreement.
<i>Geology</i>	Deposit type, geological setting and style of mineralisation.	The Mackenzie River area lies within the Bowen Basin, which covers an area estimated at 60,000 km². The Coal seams occur in five main seam groups in the Mackenzie River area: Aries, Aries Lower, Castor, Pollux and the Pisces seams with a cumulative thickness range of approximately 7 m – 11 m including all the seams, and 5 m with the Pollux seams only.
<i>Drill hole Information</i>	- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: - easting and northing of the drill hole collar - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar - dip and azimuth of the hole - down hole length and interception depth - hole length. - If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	All drill holes have been modelled from vertical, although hole deviation (from vertical) has been recorded for all holes. Deviation modelling is under consideration for the next model update in 2013.
<i>Data aggregation methods</i>	- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. - Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some	No quality modelling has yet been undertaken. Samples are still at the laboratory.

Criteria	JORC Code explanation	CP Comments
	typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated.	
<i>Relationship between mineralisation widths and intercept lengths</i>	- These relationships are particularly important in the reporting of Exploration Results. - If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. - If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	The current data within the Mackenzie River area demonstrates, with sufficient confidence, that the deposit has lateral continuity. As such, data has been extrapolated to a maximum of 2,000 m past the last drill hole or to the lease boundary limits.
<i>Diagrams</i>	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	All appropriate diagrams are contained within the press release.
<i>Balanced reporting</i>	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All exploration results within Mackenzie River area have been fully collated and reported to Xenith. Laboratory results are still to be reported.
<i>Other substantive exploration data</i>	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Geotechnical logging, sampling and testing from the overburden, interburden, seam roof/floor and coal (such as defect logging, field point load testing and laboratory testing) has been undertaken, results are pending.
<i>Further work</i>	- The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). - Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Cougar plan to increase the drilling and coal quality sample density throughout the EPC 1445 in their 2013/14 drilling program.