



ASX ANNOUNCEMENT

25 September 2013

NEW FUNDING AGREEMENT WITH ASIAN STRATEGIC INVESTOR

Cougar Energy Limited (ASX: CXY) is pleased to announce it has entered into a secured funding agreement with Twinkle Woods Limited, a private investment company based in Singapore, for a commitment of A\$ 1 million. Cougar Energy has today drawn down the first A\$ 850,000.

This is the first investment in the Australian market for Twinkle Woods Limited which has diversified investment interests in real estate, energy, forestry, agriculture and coal mining. Twinkle Woods is supportive of Cougar Energy's plans to develop its conventional coal projects in Queensland and sees it as a strategic opportunity to participate in the growth of Cougar Energy with the anticipated recovery in demand for PCI and thermal coal.

The funding commitment of A\$ 1 million is structured as a secured loan until 18 November 2013 with an interest rate of 12.5% p.a. The loan is to be applied for general working capital purposes and converts into the following:

- (a) a placement of 100,000,000 new fully paid ordinary shares of Cougar Energy at A\$ 0.001 (0.1 cents) per share, and
- (b) the balance of the loan plus the interest on the loan is subscribed for as Senior Secured Convertible Notes. The Notes have a maturity date of 12 months, a coupon of 12.5% p.a. and a conversion price of A\$ 0.001 (0.1 cents) per each new fully paid ordinary share of Cougar Energy.

The conversion of the secured loan into shares and Notes as described above is subject to satisfying Conditions Precedent by 18 November 2013, which include obtaining all necessary regulatory and shareholder approvals. Further details of this funding agreement will be contained in information distributed to shareholders ahead of the Company's Annual General Meeting on 14 November 2013. Should all Conditions Precedent not be satisfied, Twinkle Woods will be entitled to a Break Fee of A\$250,000.

Assuming full conversion of the loan and Notes into equity of Cougar Energy, Twinkle Woods would become a significant shareholder in the Company.

Mr Andrew Matheson, Chairman of Cougar Energy, said "On behalf of the Cougar Energy Board, I am pleased to announce Twinkle Woods as an investor in our Company. After obtaining the requisite approvals, this investment provides Cougar Energy with certainty of funding for the immediate future whilst we progress with our coal projects in Queensland.

"It also gives us more direct access into important Asian coal markets and potential custom for our existing initiatives in Indonesia as well as in new areas where our experience and capabilities may leverage off Twinkle Woods' business interests in the region."

Andrew Matheson
Chairman