



ASX ANNOUNCEMENT

Monday 15 April 2013

Corporate repositioning leads to reduced cost base

The Board of Directors of **Cougar Energy Limited (ASX: CXY)** wishes to advise that further to its announced strategy to unlock value from its conventional coal projects in addition to its UCG activities, it has taken additional concrete steps to **reposition its activities** and **reduce costs**.

Memorandum of Understanding with Hulaan Coal Corporation

On 16 October 2012 the Company announced that it had signed a Memorandum of Understanding (MOU) with Hulaan Coal Corporation to undertake due diligence on Hulaan Coal's coal resources to evaluate the potential for UCG projects in Mongolia. An initial review of these coal resources has indicated that they have not met the benchmarks set by the Company to justify further work to develop an economic UCG project. Based on this evaluation, Cougar Energy and Hulaan Coal have terminated the MOU.

Beijing Office Closure

Subsequent to the Company's decision to end its activities in Mongolia together with the Board's assessment which concluded that sites under consideration in China do not match previous expectations of being financially viable for UCG project development, Cougar Energy's Beijing office has been closed. Mr Kevin Garner, formerly General Manager Asia, and other office staff have left the Company.

Reduction of Administrative Costs

Further cost savings are targeted through:

1. Reduction in executive directors and of the size of the Board;
2. Conclusion of legacy consultancy arrangements;
3. Reduction of General and Administrative costs; and
4. Review of overall staff levels within the business.

Refocus of UCG Activities

"The Directors are of the opinion that the available resources of the Company were spread too thinly across several Asian countries and potential opportunities for UCG. We have therefore decided to concentrate our efforts in regions where we have a strong local partner, access to suitable coal reserves and considerable in-house expertise," said Rob Neill, CEO and Managing Director.

"The Company continues to move forward with its recently announced drilling program on its Mackenzie coal tenement in the Bowen Basin. A further announcement on progress will be made shortly".

Rob Neill

CEO & Managing Director