



18 August 2010

Cougar Energy lodges Environmental Evaluation report with Queensland Government

Cougar Energy Limited (ASX: CXY) is advised that it lodged on Monday 16 August 2010 its Environmental Audit report in response to the Environmental Evaluation notice received on 17 July from the Queensland Government's Department of Environment and Resource Management (DERM).

The Audit relates to Cougar Energy's operations at its Kingaroy Underground Coal Gasification (UCG) site in Queensland, and responds to a series of questions from DERM in relation to groundwater conditions at the site, an assessment of the impact of the casing break in well P4, and a discussion of monitoring bore test results from upper aquifers located within a 2 kilometre radius of the Company's UCG production centre.

The Company's report will be reviewed by DERM, with advice where requested from the independent Scientific Expert Panel selected pursuant to the Queensland Government's UCG Policy. DERM will then consider its position in relation to the continuation of Cougar Energy's Pilot Plant at Kingaroy.

Cougar Energy notes that all of the water sample tests carried out recently by DERM accord with the Company's tests to show that there are no concerns with water quality in the local bores and no danger to human health or local farming activities.

Cougar Energy is committed to the continued health, safety and well-being of the communities and environments in which it works as its first priority. The Company is working with the Queensland Government, the Panel and DERM to obtain permission to recommence trial operations at Kingaroy at the earliest possible date.

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About Cougar Energy Limited

Cougar Energy Limited (CXY) is an Australian company at the forefront of progressing the development and commercialisation of Underground Coal Gasification (UCG) projects, using the world's best proven technology.

The UCG process converts coal in-situ into a syngas which can be used as a fuel for power generation or for conversion into a range of petrochemical products and gas-to-liquid solutions.

The UCG process generates:

- cleaner energy
- low cost energy
- efficient resource utilisation.

The Company's flagship operation is the proposed 400 MW Kingaroy Power Station project in central Queensland.

CXY is also currently developing a second Queensland UCG project on its Wandoan lease in the Surat Basin for the production of electricity, methane gas and petrochemicals, and is working in Victoria with Ignite Energy Resources Pty Ltd on the phased development of a potential UCG project in the Gippsland Basin. Recently the Company signed a Binding Terms Sheet with Eneabba Gas Ltd to form a joint venture for a UCG fired power generation project in The Mid West region of Western Australia.

Cougar Energy is also developing additional projects internationally with Direct Invest (People's Republic of China and Mongolia) and Cougar Energy (UK) Limited (47.8% owned).

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