



8 July 2011

## QUEENSLAND GOVERNMENT DECISION ON KINGAROY

**Cougar Energy Limited** (ASX: "CXY") advises it received yesterday evening notification via a telephone call and Media Release from the Queensland Government Department of Environment and Resource Management (DERM) that DERM "upheld its proposal to stop Cougar Energy recommencing Underground Coal Gasification at its trial plant near Kingaroy."

At the time of lodging this announcement the Company has only received the Media Release but has not received formal notification through an amended Environmental Authority. A copy of the Media Release has been attached to this announcement.

The Company finds it unsatisfactory that the formal notification has not been released at the same time as the Media Release. Therefore the Company is presently not in a position to assess the extent of the amendments or their implications. The Company is not in a position to verify the statements made in the Media Release and will provide a further update to the market once it has received and considered the amended Environmental Authority.

Cougar Energy has co-operated at all times with DERM and provided extensive technical material and third party expert reports to DERM including a detailed response to the Summary Report of the Independent Scientific Panel (ISP).

It is disappointing that despite this co-operation, the Company has not been afforded the opportunity to meet with DERM and the ISP to seek a satisfactory resolution or even to discuss the technical issues involved. DERM has chosen to make a decision based on what the Company views are flawed conclusions.

Cougar Energy maintains that the Kingaroy project has not caused any environmental harm to the operating site, surrounding landowner properties nor the Kingaroy township. This is supported by DERM acknowledgment that "contaminants have not been detected outside the Cougar Energy site. "

Cougar Energy is receiving legal advice in relation to the recent actions of DERM and the shutdown of the Kingaroy project in July 2010.

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## Department of Environment and Resource Management (DERM)

# Media release

### **DERM moves to shut down Cougar Energy's UCG plant**

The Department of Environment and Resource Management has today upheld its proposal to stop Cougar Energy recommencing Underground Coal Gasification at its trial plant near Kingaroy.

The department today advised Cougar Energy that its Environmental Authority had been amended so that only rehabilitation and monitoring could be conducted. No further Underground Coal Gasification will be permitted at the site.

After investigating a water quality incident at the plant last year, the department issued Cougar Energy with a Notice of Proposed Action in January setting out the proposal to stop Underground Coal Gasification at the site. The department has now moved to finalise that action.

Department of Environment and Resource Management, Acting Director General, Terry Wall said today's action meant Cougar would have to remove all infrastructure from the site, unless agreed otherwise by the landowner.

"It also means Cougar must treat and dispose of any contaminated water in surface storages and clean-up groundwater at the site," Mr Wall said.

"Cougar is required to continue groundwater sampling until the department is satisfied that rehabilitation has been completed.

"The department will also continue to regularly conduct its own sampling to ensure Cougar complies with requirements."

"Queensland has high environmental standards, and there are consequences if these are not met," Mr Wall said.

Cougar Energy has the right to have the decision reviewed and appealed.

Today's decision follows an order by DERM in July 2010 that the Cougar plant suspend operations – this order will remain in place until any review or appeal process is completed.

The department also required Cougar conduct environmental investigations into the presence of contaminants from the gasification process in a groundwater aquifer.

Ultimately Cougar has not been able to satisfy the department that it could recommence its operations without an unacceptable risk of causing environmental harm. A report by the Underground Coal Gasification Independent Scientific Expert Panel in January supports the Department's decision to permanently close the site.

The Department of Environment and Resource Management last week charged Cougar Energy with breaking the conditions of its environmental approval when contaminants were released into groundwater last year.

The department's monitoring program has confirmed that contaminants have not been detected outside the Cougar Energy site.

The Underground Coal Gasification Process is very different from the extraction of Coal Seam Gas.

**ENDS**

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For further information contact Department of Environment and Resource Management Media Services Ph: (07) 3224 7792 or email [media@derm.qld.gov.au](mailto:media@derm.qld.gov.au)