



**Cougar Energy Limited**  
ABN 75 060 111 784

**Address**  
Suite 1002, 530  
Little Collins Street,  
Melbourne, Victoria,  
Australia 3000

**Website**  
[www.cougarenergy.com.au](http://www.cougarenergy.com.au)

**Telephone**  
+ 61 3 9909 7200

**Facsimile**  
+ 61 3 9909 7217

**Stock symbols**  
ASX: CXY  
Reuters: CXY.AX  
Bloomberg: CXY AU

**No. of shares on issue**  
919,127,810

**Current share price**  
AUD 0.084

**Market capitalisation**  
AUD 77.2 million

14 December 2009

## COUGAR ENERGY SIGNS MEMORANDUM OF UNDERSTANDING FOR UCG PROJECTS IN CHINA AND MONGOLIA

- Establishment of joint company with Direct Invest Pte Ltd of Singapore
- Focus on developing UCG projects in China and Mongolia
- Initial project discussions commenced with Chinese company
- UCG technology is well suited to the region's coal resources
- Significant growth upside as the Chinese Central Government looks to reduce CO<sub>2</sub> emissions from its coal mining industry

**Cougar Energy Limited (ASX: CXY)** wishes to advise that it has executed a Memorandum of Understanding (MOU) with Direct Invest Pte Ltd, the Singapore domiciled subsidiary of the Direct Invest Group, to establish **Cougar Direct Invest China Limited (CDIC)** for the purpose of developing Underground Coal Gasification (UCG) projects in the People's Republic of China and in Mongolia.

**CDIC will be 60% owned by Cougar Energy and 40% owned by Direct Invest Pte Ltd** with equal board representation and voting rights.

The MOU envisages the establishment of special purpose companies for each project identified for development, with the funding to be sourced through individual equity raisings and bank finance.

Both China and Mongolia possess vast coal resources and CDIC will be seeking to build business relationships with the major mining and exploration companies in both countries.

**Direct Invest is chaired by Michael Dobbs-Higginson**, who has had a distinguished career as an investment banker and an entrepreneur in Europe and Asia, as well as being a non-executive chairman, director and/or advisor to various public and private companies particularly in Asia. For a period of six years he was Chairman of Merrill Lynch Asia Pacific and a member of Merrill Lynch New York's Global Capital Committee. Prior to that, he held similar positions with Credit Suisse First Boston. He is based in Singapore and is involved with a number of international companies in their investments in the Asia Pacific region.

Mr Dobbs-Higginson is directly involved in the identification of projects for CDIC, and preliminary discussions with the first Chinese company have been initiated by him. This company's core business is in clean energy and environmental protection applications. It operates in 20 provinces in China, and provides a range of services to the major coal mining companies in those provinces.

Dr Len Walker, Managing Director of Cougar Energy, commented: “The Chinese authorities have signalled their intention to tackle the challenge of reducing emissions from their coal mining operations. We believe that UCG technology is at the forefront of producing both cleaner and cheaper energy from such resources in long-term sustainable operations. There are many prospective sites in both China and Mongolia which are suitable for UCG development.”

“CDIC has been founded to combine the complimentary talents of the shareholders, and to ensure that projects in the region are developed using a sound long-term strategy. We bring the technical evaluation and project design and development skills and combine this with Direct Invest’s ability to evaluate and structure projects and its extensive network of contacts in China and Mongolia”.

“The development of projects via CDIC represents a highly prospective and exciting growth opportunity for Cougar Energy as we continue to expand our coal resources and operating entities across the globe utilising the world’s leading commercial UCG technology,” said Dr Walker.

**Investor contacts:**

**Dr Len Walker**  
Managing Director  
Tel: + 61 3 9909 7200

**Brad Glynne**  
GM – Corporate Finance  
Tel: + 61 3 9909 7226

**John Field**  
Field Public Relations  
Tel: + 61 8 8234 9555

**About Cougar Energy Limited**

Cougar Energy Limited 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 gas 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
- cheaper energy, and
- efficient resource utilisation.

The Company's flagship operation is the 400 MW Kingaroy Power Station project in central Queensland. After recently receiving requisite approvals from the Queensland Government, construction of the pre-production plant at Kingaroy has commenced. Ignition of the resource will take place in early 2010. Current planning forecasts commercial production of electricity from the first stage of the power plant in 2013. Cougar Energy operates within the stringent environmental impact guidelines imposed by the Environmental Protection Authority on the Kingaroy site and the Company is committed to working with the communities in which it operates.

It is also currently developing a second Queensland UCG project on its Wandoan lease in the Surat Basin, and is working in Victoria with Ignite Energy Resources Pty Ltd on the phased development of a potential UCG project in the Gippsland Basin using syngas for various applications.

Cougar Energy is also developing additional projects internationally through Cougar Direct Invest China Limited (60% owned) and Cougar Energy (UK) Limited (47.8% owned).

[www.cougarenergy.com.au](http://www.cougarenergy.com.au)