

21 June 2010

## **COUGAR ENERGY TAKES UCG EXPERTISE TO QUEENSLAND GOVERNMENT TRADE MISSION IN SHANGHAI, CHINA**

- **Managing Director Dr Len Walker presenting today in Shanghai to Queensland Government's Trade and Investment Mission**
- **Cougar Energy building on plans to develop Underground Coal Gasification projects in China**
- **Site visit to first project in Inner Mongolia follows presentation**
- **Negotiations to commence in Beijing with additional interested parties**

**Cougar Energy Limited (ASX: CXY)** advises that Managing Director Dr Len Walker is making a presentation today to invited Chinese guests in Shanghai at the Queensland-China Trade and Investment Project Information Seminar as part of the Queensland Government's Trade and Investment Mission to China for the Energy and Resources Sectors.

After this seminar Dr Walker will conduct meetings with parties which have approached Cougar Energy regarding potential new projects in the People's Republic of China.

Cougar Energy - the only Underground Coal Gasification (UCG) company presenting at the Shanghai seminar - announced three weeks ago the signing of a Letter of Intent for the Australian company's involvement in the development and commercialisation of a UCG project in the Inner Mongolia autonomous region.

Later this week, Dr Walker and Cougar Energy's China UCG joint venture partner, Direct Invest, will continue discussions and negotiations with Inner Mongolia Qi De Investment Co. Ltd on its first proposed project in China (see Letter of Intent announcement to the ASX on 31 May 2010), which will also include a visit to site.

Discussions are also planned in Beijing with a number of other parties interested in developing UCG projects in the region.

The attached copy of today's presentation by Dr Walker in Shanghai details Cougar Energy's UCG projects in Queensland and China.

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## THE NEW POWER IN AUSTRALIA

### 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. Ignition and production of gas commenced in March 2010. After a delay caused by well blockages, re-ignition is scheduled for the end of June 2010.

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/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).

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

# Cougar Energy

## The New Power in Australia.

- Cleaner energy.
- Low cost energy.
- Efficient resource utilisation.



Presentation to the Queensland-China Trade and Investment Project  
Information Seminar - Shanghai

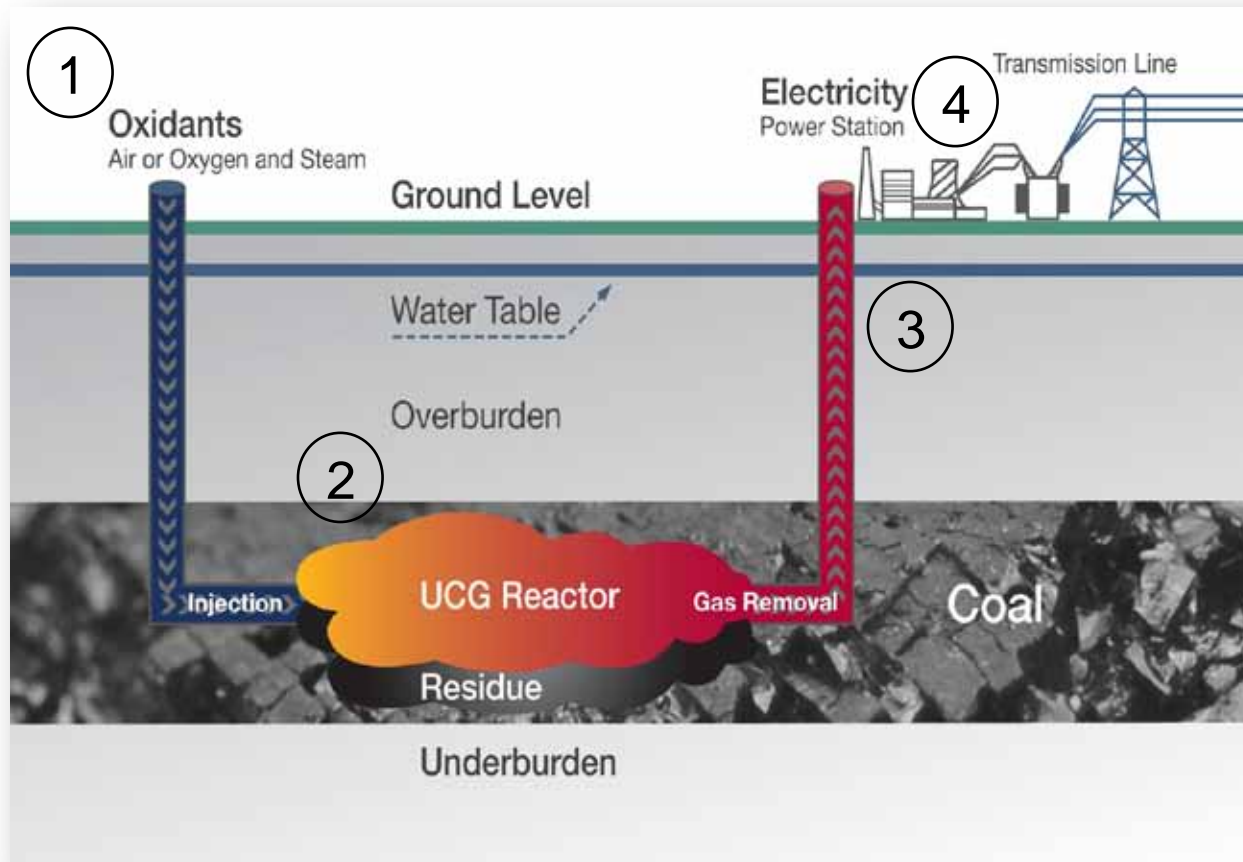
21 June 2010

*Dr Len Walker, Managing Director*

# Cougar Energy Limited is building the world's leading commercial Underground Coal Gasification (UCG) company ...

... it is focused on the **profitable development** of reliable, low cost and efficient **base load power** from proven coal gasification technology.





- 1 Injection well
- 2 Coal gasification
- 3 Production well
- 4 Gas cleaning and power generation



## Advantages of UCG

### Attractive alternative energy

- Cleaner energy - lower emissions compared to coal-fired utilities (25-40%)
- Low cost energy - cost effective feedstock (ca. 50% cost of natural gas)
- Efficient utilisation of resources - 15x vs. coal seam gas
- Minimal footprint impact on environment - nominal waste water, no major pipeline transportation requirements
- Safe operating environment – no physical labour involved in extraction process



- Energy alternative to solve current challenges in energy supply/demand imbalance in Australia, particularly in Queensland: creating energy generation hubs



## Cougar Energy Limited – Australia

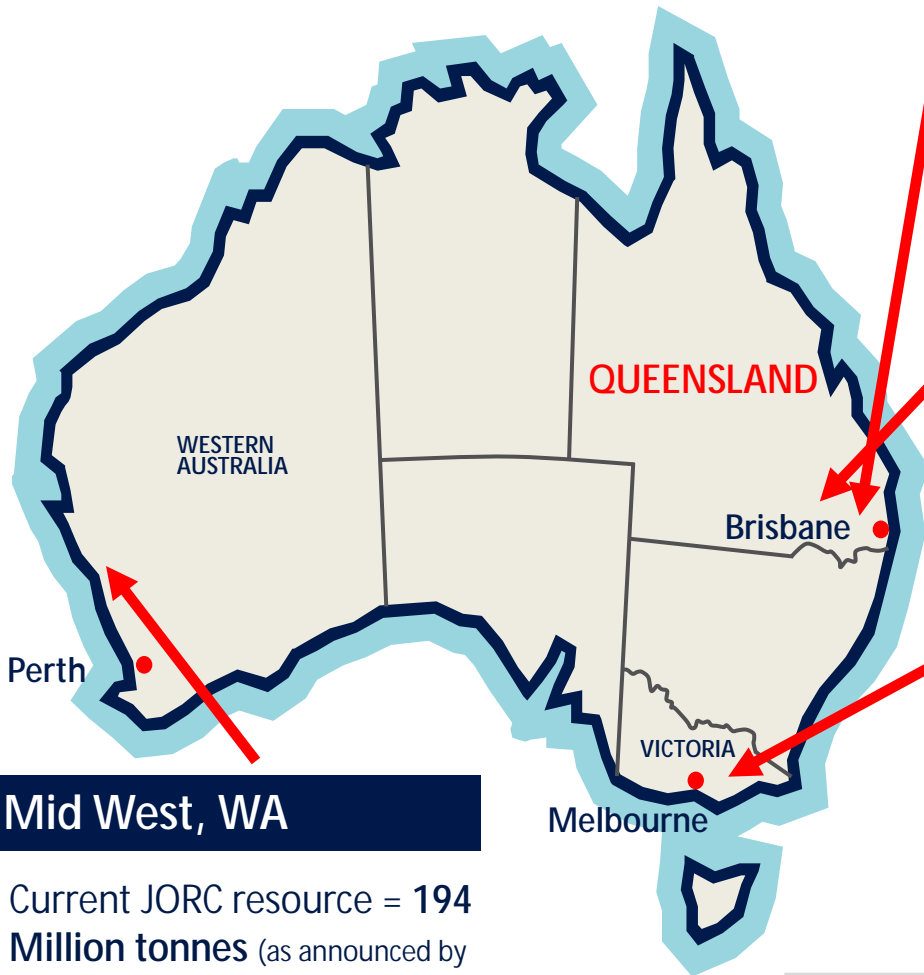
- Access to large coal resources in Queensland: > 400 million tonnes
- Flagship power project in Queensland
- Extensive tenement holdings across Australia

## Cougar Direct Invest China - CDIC



- CDIC is a joint venture between Cougar Energy and Direct Invest for the development and commercialisation of Underground Coal Gasification (“UCG”) assets in the People’s Republic of China and Mongolia
- Cougar Energy contributes technical evaluation, project design and development skills as well as facilitating the world’s best proven UCG technology
- Direct Invest brings extensive experience investing in and establishing joint venture projects in China
- Three projects in preliminary discussions (including one with signed Letter of Intent: **WuNiTe Project** in Inner Mongolia – 425 million tonnes coal, off-take with power plant operator in negotiation, pilot plant 2011)





## Kingaroy, Queensland (CXY: 100%)

- Current JORC resource = **73 Million tonnes** (28 million indicated and 45 million inferred as announced June 2008)
- Resource expansion planned
- Commercial project underway

## Wandoan, Queensland (CXY: 100%)

- Current JORC resource = **341 Million tonnes** (34 million indicated and 307 million inferred as announced August 2009)
- Commercial project in planning

## South Gippsland, Victoria

- Exploration target = **800-1,200 Million tonnes**
- Joint venture terms sheet signed

## Mid West, WA

- Current JORC resource = **194 Million tonnes** (as announced by proposed joint venture partner Eneabba Gas Limited on 30 October 2009)
- MOU signed – Joint Venture Agreement in negotiation

§ The exploration target is based on estimates from previous drilling programs – these estimates cannot be classified as mineral resources or ore reserves: the potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource – it is uncertain if further exploration will result in the determination of a mineral resource.



- 400 MW base load facility
- Built in 2-3 modules
- No overlapping tenement issues
- Long life – minimum 30 years: power to 400,000 households (energy hub)
- Proximity to power grid
- To be backed by long term electricity off-take agreements and plant performance guarantees
- Design to be CO<sub>2</sub> separation ready



# KINGARROY PROJECT SITE



## Kingaroy Power Plant Stage 1 (200 MW) project economics

- Capital funding task (ca. AUD 350 MM)
- Strong economies of scale on expansion from 200 MW to 400 MW
- Attractive IRR (indic. 18-19%), further improved with expansion
- Cash flows to commence in 2013 (cash flow positive in year 1)
- Strategic investors to be identified



## Join Cougar Energy in its exciting growth plans

Cougar Energy welcomes the following investment enquiries:

- in the Australian Securities Exchange-listed parent company
- in the Kingaroy Power Project
- in introducing and co-developing UCG projects in the PRC and Mongolia (through CDIC).



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Cleaner Energy. Cheaper Energy. Efficient Resource Utilisation.

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THE NEW POWER IN AUSTRALIA

The Cougar is coming ...