



1 September 2011

QUEENSLAND GOVERNMENT DEPARTMENT INTERNAL REVIEW DECISION ON KINGAROY

Cougar Energy Limited (ASX: CXY) advises that the Queensland Government Department of Environment and Resource Management (DERM) has notified that a delegate appointed by DERM has confirmed the original decision of DERM to amend the Company's Environmental Authority and restrict the underground coal gasification activities at the Kingaroy site. The Company received notification of this decision late yesterday.

The delegate's decision is in response to the Company's Application for Internal Review made to DERM (refer to the Company's announcement to the ASX on 28 July 2011).

Cougar Energy is reviewing the reasons for the delegate's decision with its lawyers to determine whether it will appeal to the Queensland Land Court.

Investor contacts:

Dr Len Walker
Managing Director
Tel: + 61 419 587 396

Brad Glynn
GM – Corporate Finance
and Investor Relations
Tel: + 61 447 774 009

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