

26 August 2010

Cougar Energy seeks urgent Queensland Government clarification on Kingaroy Environmental Evaluation Report

Cougar Energy Limited (ASX: CXY) advises that it is today seeking urgent clarification of the Queensland Government's position in relation to the Environmental Evaluation Report submitted by Cougar Energy to the Government on 16 August 2010.

This follows a series of seemingly varying statements and announcements made throughout yesterday by the Government in relation to the Report and Cougar Energy's Kingaroy operations.

Cougar Energy advises that it received yesterday verbal advice - followed by an undated letter from the Queensland Government's Department of Environment and Resource Management (DERM) - that "DERM will not be accepting the environmental report."

The DERM letter continues "You will be formally advised of that decision and any further regulatory requirements in due course." No formal reasons were given in the letter as to why the Queensland Government has taken this action and no formal request for further information has been made in the letter.

DERM has previously stated that in circumstances where it does not accept an Environmental Report it will either:

- a) require another Environmental Evaluation; or
- b) require additional information.

Also yesterday in a Media Release released late last night from the Queensland Government's Minister for Climate Change and Sustainability The Hon. Kate Jones, the Minister states that DERM "rejects" the Environmental Report.

The Minister continues in the Media Release to state that the Company has failed "to provide all of the information requested by the department" in the Environmental Evaluation Notice.

Contrary to this statement by the Minister, Cougar Energy received a detailed series of questions in the Environmental Evaluation Notice and provided answers to all of those questions.

The Company notes that the Minister also advised a meeting of people at a community forum in Kingaroy last night of the decision announced later in the Media Release (posted at 10.17 pm). The Company became aware of the Minister's statement this morning.



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Cougar Energy is surprised and confused by these contradicting statements from the Government and DERM. In fact, adding to the confusion, with the acknowledgment of DERM the Company is currently preparing supplementary technical information for the Environmental Report. This information was to be delivered by next Monday 30 August 2010.

The Company has co-operated with the Government and DERM during this process and understood until last night that a genuine consultation with DERM about the merits of the Environmental Report was continuing.

Cougar Energy seeks to resume that level of consultation after seeking clarification of the various positions today.

Once Cougar Energy receives formal reasons and a request for a further environmental evaluation, it is confident that it can demonstrate that the Kingaroy operation will not harm the environment.

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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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