

29 April 2011

CHINA UNDERGROUND COAL GASIFICATION PROJECTS UPDATE

Cougar Energy Limited (ASX: CXY) provides the following update on its Underground Coal Gasification (UCG) projects in the People's Republic of China (PRC).

It is pleasing to advise that, as a consequence of the latest visit to the PRC by Cougar Energy's Managing Director, Dr Len Walker, the Company has received further reinforcement of its strategy for focussing on UCG project developments in the Asian region.

Inner Mongolian Autonomous Region

As previously announced, the Company's partner DeTailong Investment Energy Ltd (DeTailong) has submitted a jointly-signed Co-operation Agreement and an associated project development proposal to the responsible local authorities for project registration relating to the Wu Ni Te coal deposit. Approval is now anticipated during May/June.

During a recent visit to Hohhot, capital of the Inner Mongolian Autonomous Region, Cougar Energy's Managing Director, Dr Len Walker, met with the management of DeTailong to formulate a strategic plan for the commercial development of the Wu Ni Te deposit, specifically including the best use of syngas produced from UCG operations.

After discussions on the requirements of the site characterisation work program, Cougar Energy believes that technical aspects of drilling and testing, as well as installation of production wells, are within the expertise of local drilling companies. Commercialisation will be subject to receipt of all necessary project registrations and the standard procedures of evaluation and financing.

XinJiang Province

Cougar Energy has now received initial technical data on three further coal deposits in XinJiang Province controlled by Limitless International Holdings Ltd (LIH). This data is currently being reviewed together with data previously received on LIH's first coal deposit. LIH has advised that it continues to conduct a drilling program on these leases, and welcomes Cougar's input into this program, which is being undertaken at no cost to Cougar Energy. Once suitable deposits for UCG project analysis have been identified and prioritised, the parties propose to finalise their Joint Venture Agreement.

On the same visit to the People's Republic to China, LIH and Dr Walker met with Beijing government research institute officials to present and discuss UCG development proposals



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for XinJiang. The officials are supportive of Cougar Energy's proposed introduction of UCG technology to the Province.

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