



## MEDIA RELEASE

Monday 19 July 2010

### Cougar Energy committed to resumption of progress at Kingaroy UCG power project

Cougar Energy Limited (ASX: "CXY") received notification last night via media release from the Queensland Government that further Government testing of bores in and around the Kingaroy Underground Coal Gasification (UCG) project "did not identify unsafe levels of any chemicals".

The results – from the remaining three out of a total of eight priority bores sampled – follow the Government's announcement on Saturday 17 July that test results from the other five bores were, in all cases, within the Australian Drinking Water Guideline standards.

Cougar Energy places the health, safety and welfare of people above everything else and is committed to developing a successful project in harmony with community, farming and regional aspirations.

To that end, the Company has moved quickly on Friday 16 July to contact community members and landholders adjacent to the Kingaroy plant, to ensure that any inconvenience caused by the current sampling/test procedures is minimised. This has included supplementing local water supplies where required.

Cougar Energy appreciates the quick turnaround of sample results provided by the Queensland Department of Environment and Resource Management (DERM) which, importantly, are consistent with the testing results from the bore water sampling conducted by Cougar Energy.

Cougar Energy operates its Kingaroy UCG project under a strict State Government regulatory regime and is continuing to work closely with DERM and all relevant regulatory and local stakeholders so that the Company can resume its world-leading Kingaroy UCG project.

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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. Ignition and production of gas commenced in March 2010. After a delay caused by well blockages, re-ignition is scheduled later in July 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).

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