

20 July 2010

### **Cougar Energy considering options due to delay of re-ignition at Kingaroy UCG project**

**Cougar Energy Limited** (ASX: CXY) advises that after discussions with the Queensland Government Department of Environment and Resource Management (DERM) it has been advised that lifting of the Environmental Protection Order will not occur until completion and review of the Environmental Evaluation by the UCG Expert Panel.

The Cougar Energy Board of Directors is assessing the implications of that decision as well as access to capital for new works required to be completed by DERM and for on-going operations.

As a result, Cougar Energy this morning applied for and was granted by the Australian Securities Exchange (ASX) a voluntary suspension of trading in the Company's shares.

The Company will advise the outcome of the Board's assessment as early as possible and also will continue to keep the market informed as to any further developments at its flagship UCG power project.

Cougar Energy reaffirms that the health and well-being of the community is a priority and welcomes DERM's media release on Sunday 17 July 2010 which stated that results from tests on samples of eight priority bore sites in and around the Kingaroy project site showed results of "trace levels of hydrocarbons 95% lower than the Australian Drinking Water Guidelines and do not represent risk to human health". This data is consistent with Cougar Energy's own testing.

Cougar Energy notes that there have been many uninformed statements in regard to the Kingaroy project and possible health issues made in the public arena that are not attributed to the Queensland Government and/or Cougar Energy. The evidence provided by independent testing data confirms that there is no spread of contaminants into the water supply, nor is there any threat to water supplies for the local community.

Cougar Energy looks forward to working closely with the relevant authorities as the Company progresses towards re-ignition of its pilot burn.

For further background information, please refer to the Company's Media Releases of 16, 18 and 19 July 2010 which appear on the Cougar Energy website [www.cougarenergy.com.au](http://www.cougarenergy.com.au)



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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/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)