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Cougar Energy Limited

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Stock symbols

ASX: CXY
Reuters: CXY.AX
Bloomberg: CXY AU

No. of shares on issue

671,048,999

Current share price

AUD 0.097

Market capitalisation

AUD 65.1Million

NEW KEY DEVELOPMENTS IN KINGAROY UCG PROJECT

- **Combined construction contract awarded to local company**
- **Queensland Government grants “Mineral f”**

Cougar Energy Limited (ASX Code: CXY) is pleased to announce the achievement of further milestones at its Kingaroy Underground Coal Gasification (UCG) and power generation project in Queensland.

The Company has awarded a **combined construction contract to Eastcoast Development Engineering Pty Ltd (EDE)** to undertake all earthworks, civil works, mechanical, piping, electrical and instrumentation works at the Kingaroy site. Fabrication of pressure piping will begin in August and mobilisation to site is targeted for 1 September 2009.

The “Mineral f” permit required under the Queensland Mineral Resources Act has been received, enabling Cougar Energy to specifically establish a UCG project on site within its Mineral Development Licence 385.

In relation to the grant of the “Mineral f” permit, Cougar Energy’s Managing Director Dr Len Walker commented: “We appreciate the Queensland Government’s on-going support and confidence in the development of our flagship project at Kingaroy.”

“The Mineral f permit approval includes the most stringent environmental conditions applied to any UCG project in Australia, and we look forward to working closely with the relevant Government Agencies as the project develops”, Dr Walker said.

Mr John Henderson, Manager UCG Projects at Cougar Energy commented on these milestone events: “We are also delighted to award the construction contract to Eastcoast Development Engineering Pty Ltd, a Queensland construction contractor with strong ties to both the mining and gas sectors. The construction phase will create from 20 to 40 jobs for a period of 6 months”.

“EDE won the contract through a competitive tender process, and its cooperative approach and good understanding of Cougar’s safety and environmental values, as well as our commercial goals, was fundamental to us awarding them the job. The Cougar Energy team looks forward to working with EDE”, Mr Henderson said.



THE NEW POWER IN AUSTRALIA

The construction contract represents the culmination of design and procurement carried out by another Queensland firm, GWB Engineering Pty Ltd.

“GWB undertook detailed civil, piping, mechanical and electrical design, based on in-house process design undertaken by Cougar’s Technology Manager, Andrew Brown. Overall, the plant design is very robust and I am more than satisfied with the quality and design of the equipment and plant created through this cooperative arrangement” Mr Henderson said.

On present forward planning estimates, gas production in the Kingaroy Project Pre-Production Phase should commence early in January 2010.

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About Cougar Energy Limited

Cougar Energy Limited 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 gas 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, and
- efficient resource utilisation.

The Company's flagship operation is the Kingaroy Power Station project in central Queensland. It is also currently developing a second Queensland UCG project on its Wandoan lease in the Surat Basin, and is working in Victoria with Ignite Energy Resources Pty Ltd on the phased development of a potential UCG project in the Gippsland Basin.

Cougar Energy is also developing additional projects internationally through its 47.8% owned subsidiary company Cougar Energy (UK) Ltd.

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