Cougar Energy Limited

ABN 75 060 111 784

Appendix 4E

Preliminary Final Report
30 June 2009

COUGAR ENERGY LIMITED
ACN 060 111 784

APPENDIX 4E
YEAR ENDED 30 JUNE 2009

The following information is given under ASX listing rule 4.3A.

1. DETAILS OF THE REPORTING PERIODS COVERED

	Period Covered	From	To
Current reporting period	12 months	01-07-2008	30-06-2009
Corresponding previous reporting period	12 months	01-07-2007	30-06-2008

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET (KEY INFORMATION)

		Year Ended 30-06-2009 $	Year Ended 30-06-2008 $	Amount Changed $	Percentage Change %	Change Up / Down
2.1	Revenue from ordinary activities	400,546	152,870	247,676	162.02%	Up
2.2	(Loss) from ordinary activities after income tax attributable to the equity holders of the parent	(2,902,913)	(2,151,739)	(751,174)	34.91%	Up
2.3	Net (loss) after income tax attributable to the members of the parent entity	(2,902,913)	(2,133,773)	(769,140)	36.05%	Up

2.4 2.5	Dividends and Record date for entitlements	Year ended 30-06-2009 2.4 Amount Paid per Share $	Year ended 30-06-2009 2.4 Franked Amount per Share $	Year ended 30-06-2009 2.5 Record Date for Determining Entitlements	Year ended 30-06-2008 2.4 Amount Paid per Share $	Year ended 30-06-2008 2.4 Franked Amount per Share $	Year ended 30-06-2008 2.5 Record Date for Determining Entitlements
	Interim dividends paid	-	-	-	-	-	-
	Final dividends paid	-	-	-	-	-	-

2.6	Brief explanation of any of the figures in 2.1 to 2.4 above that is necessary to enable the figures to be understood.	The consolidated group's continued focus is on the development of Underground Coal Gasification ("UCG") projects within Australia and certain other parts of the world.

3. STATEMENT OF FINANCIAL PERFORMANCE

3.0	A statement of financial performance together with notes to the statement, prepared in compliance with AASB 1018 or the equivalent foreign accounting standard.	Refer to the attached Consolidated Income Statement and accompanying notes.

4. STATEMENT OF FINANCIAL POSITION

4.0	A statement of financial position together with notes to the statement. The statement of financial position may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.	Refer to the attached Consolidated Balance Sheet and accompanying notes.

5. CASH FLOW STATEMENT

5.0	A statement of cash flows together with notes to the statement. The statement of cash flows may be condensed but must report as line items each significant form of cash flow and comply with the disclosure requirements of AASB 1026 Statement of Cash Flows, or for foreign entities, the equivalent foreign accounting standard.	Refer to the attached Consolidated Cash Flow Statement and accompanying notes.

6. DIVIDENDS

6.0	Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.	None.

7. DIVIDEND REINVESTMENT PLANS

7.0	Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.	None.

8. STATEMENT OF RETAINED EARNINGS

8.0	A statement of retained earnings showing movements.	Refer to Note 8 in the accompanying financial statements.

9. NET TANGIBLE ASSETS PER SHARE

		As at 30-06-2009 Cents	**As at 30-06-2008 Cents**
9.0	Net tangible assets per ordinary share	2.97	2.77

10. CHANGE IN CONTROL OVER GROUP ENTITIES

10.0	Details of entities over which control has been gained or lost during the period, including the following.	There has been no change in the control over group entities during the year ended 30 June 2009. Refer to note 2 of the accompanying financial statements for full details of all controlled entities.
10.1	Name of the entity.	Refer to item 10.0 above.
10.2	The date of the gain or loss of control	Refer to item 10.0 above.
10.3	Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.	Refer to item 10.0 above. The 2009 results of all the group's controlled entities are immaterial.

11. ASSOCIATES AND JOINT VENTURE ENTITIES

11.0	Details of associates and joint venture entities including the following.	None.
11.1	Name of the associate or joint venture entity.	Refer to item 11.0 above.
11.2	Details of the reporting entity's percentage holding in each of these entities.	Refer to item 11.0 above.
11.3	Where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.	Refer to item 11.0 above.

12. OTHER SIGNIFICANT INFORMATION

12.0	Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.	Refer to notes 10 and 11 of the accompanying financial statements for details concerning the Company's contingent liabilities and those significant events that have occurred after 30 June 2009. Also refer to recent ASX announcements for the latest developments in relation to the group's UCG projects.

13. ACCOUNTING STANDARDS USED BY FOREIGN ENTITIES

13.0	For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).	The financial statements for the year ended 30 June 2009 for Cougar Energy (UK) Ltd and its 100% controlled subsidiary, Cougar Energy Pakistan (Private) Ltd, which were used as the basis for preparing the group's consolidated financial statements, were prepared using the Australian equivalents of International Financial Reporting Standards ("AIFRS") for consistency with those standards used by the rest of the entities within the consolidated group.

14. COMMENTARY ON THE RESULTS FOR THE PERIOD

14.0	A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of the following.	Refer to the Commentary on the results for the period contained within the accompanying financial statements.
14.1	The earnings per security and the nature of any dilution aspects.	Refer to item 14.0 above and the income statement accompany this report for all the relevant earnings per share disclosures.
14.2	Returns to shareholders including distributions and buy backs.	Refer to item 14.0 above.
14.3	Significant features of operating performance.	Refer to item 14.0 above.
14.4	The results of segments that are significant to an understanding of the business as a whole.	Refer to item 14.0 above and note 9 of the accompanying financial statements for details concerning segment results.
14.5	A discussion of trends in performance.	Refer to item 14.0 above.
14.6	Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.	Refer to item 14.0 above and notes 10 and 11 of the accompanying financial statements for details concerning the Company's contingent liabilities and those significant events that have occurred after 30 June 2009.

15. PROGRESS OF AUDIT

15.0	A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed.	This Preliminary Financial Report is based upon financial statements that are still in the process of being audited.

16. AUDIT DISPUTE OR QUALIFICATION – UNAUDITED ACCOUNTS

16.0	If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.	None.

17. AUDIT DISPUTE OR QUALIFICATION – AUDITED ACCOUNTS

17.0	If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.	None.

COUGAR ENERGY

Cougar Energy Limited

ABN 75 060 111 784

Financial Statements
Forming part of
the Appendix 4E
Preliminary Financial Report

For the Year Ended
30 June 2009

Directors
Mr Malcolm McAully
Dr Michael Dalling
Dr Leonard Walker

Secretary
Mr Rodney Watson
Mr Andrew Metcalfe (resigned 31-12-2008)

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Telephone: +(61 3) 9415 5000

Bankers
National Australia Bank Limited
330 Collins Street,
Melbourne, Victoria, 3000, Australia

Auditor
PKF Chartered Accountants
Level 14, 140 William Street,
Melbourne, Victoria, 3000, Australia

Stock Exchange Home Branch
Australian Securities Exchange Limited,
Rialto Tower, 525 Collins Street,
Melbourne, Victoria, 3000, Australia

Securities ASX Code:
CXY - Fully paid ordinary shares

COMMENTARY ON THE RESULTS FOR THE PEROD

The Group's 2009 consolidated net loss after income tax attributable to the members of the parent entity of $2,902,913 (2008 loss: $2,133,773) increased by $769,140 reflecting the significant progress achieved throughout the financial year on the Group's Underground Coal Gasification (UCG) projects. A brief analysis of the Group's loss for the year follows.

Revenue
Interest received for the year of $382,971 (2008: $152,870) increased by $230,101 reflecting the fact that the Group's average cash reserves throughout the year were higher than in 2008 due to capital raisings of $7,000,000 in June 2008 and $4,200,000 in April 2009. These raisings were in addition to $3,068,352 (2008: $1,935,565) received from the exercising of the Group' listed options, which expired on 31 December 2008 and $450,000 (2008: $nil) received from the exercising of a number of the Group's unlisted vendor options, which expire on 6 October 2009.

In June 2009, the Group also sold its remaining Vanadium Redox Battery (VRB) assets, being its Australian patents over certain aspects of this battery technology, for a profit of $16,906 (2008: $nil).

Expenses
Payroll costs for the year of $894,262 (2008: $277,115) increased $617,147 due to the appointment of four senior managers and two key support staff as a direct consequence of the ongoing development of the Group's UCG projects. Communication costs of $315,259 (2008: $27,394) increased by $287,865 due to the appointment of several marketing and public relations consultants during the financial year. Tenancy costs for the year of $119,947 (2008: $66,230) increased $53,717 due to the opening of an office in Brisbane and the relocation to a larger office in Melbourne, once again in line with the expanding nature of the Group's UCG activities. The same too applies to travel costs which increased $55,872 to $103,649 (2008: $47,777). During the 2009 financial year the Group also wrote off the carrying value of its VRB inventory of $31,201 (2008: $nil). Depreciation for the year of $31,240 (2008: $9,450) increased $21,790 reflecting the fact that significant additional property plant and equipment was acquired throughout the year.

Loss per share
The 2009 basic and diluted loss per share attributable to members of the parent entity from continuing operations and total operations remained unchanged from 2008 at $0.0052 (half a cent).

Returns to shareholders
None at this stage.

Significant features of operating performance
Covered under the Revenue and Expenses headings above.

Segment results
In the 2008 financial year, the decision was made to devote the Group's attention to its UCG activities. Accordingly, the Group's segment results were split into continuing UCG operations and a VRB disposal group held for sale. Refer to note 9 of the accompanying financial statements for full details of the segment results.

In the 2009 financial year, the Group was solely focused on its UCG activities. Its 2009 segment results are therefore the same as its 2009 results referred to above. The final immaterial VRB transactions, such as the profit on the sale patents and the inventory write off, have been included as part of the Group's continuing UCG operations in the 2009 financial year. Refer to note 6 of the accompanying financial statements for further details concerning the VRB transactions incurred by the Group during the 2009 financial year. No further VRB related transactions are envisaged in the 2010 financial year.

The combined loss after income tax attributable to the members of the parent entity from the Group's UK and Pakistan operations for 2009 was $123,264 (2008 loss: $159,851).

Trends in performance
As the Group is still in the early stages of developing it first UCG project at Kingaroy in Queensland, no directly comparable or meaningful trends in financial performance are available at this stage.

Any other factors affecting the results
During the 2009 financial year numerous key milestones in relation to the Group's UCG projects were achieved and announced to the ASX. Further significant milestones have also been announced since 30 June 2009. As noted, at the outset of this commentary, the Group's financial performance is very much linked to the stages of development in its UCG activities. As these activities continue to expand, and until such time as any of the Group's projects reach commercial production, then it is likely that the Group's operating costs and therefore its losses will continue and possibly increase. Also refer to notes 10 and 11 of the accompanying financial statements for details about the Group's contingent liabilities and the significant events affecting the Group since 30 June 2009 up until the date of announcement of this Preliminary Financial Report.

COUGAR ENERGY LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Year Ended 30 June 2009 $	Year Ended 30 June 2008 $
REVENUE FROM CONTINUING OPERATIONS			
Interest received	3	382,971	152,870
Profit on the sale of assets - VRB patents	4	16,906	-
Unrealised gain on foreign currencies	4	669	-
Total Revenue		**400,546**	**152,870**
EXPENSES FROM CONTINUING OPERATIONS			
Administrative costs		38,547	3,827
Communication costs		315,259	27,394
Exploration expenses – no legal rights		18,787	184,731
Impairment losses – investments in non-related entities	5	-	120,713
Insurance premiums		78,002	39,281
Motor vehicle expenses		4,974	2,634
Payroll costs		894,262	277,115
Professional fees - external consultants		470,493	365,499
Realised loss on disposal of non-related investments	5	-	3,254
Repairs and maintenance		11,910	1,151
Research and development costs	5	4,820	13,823
Securities quotation fees		139,915	126,285
Share-based payments - non-cash management options		288,405	284,779
Tenancy costs		119,947	66,230
Travel costs		103,649	47,777
Unrealised loss on foreign currencies	5	-	6,057
Written off assets	5	37,797	-
Total Expenses		**(2,526,767)**	**(1,570,550)**
LOSS BEFORE INTEREST, INCOME TAX, DEPRECIATION AND AMORTISATION		**(2,126,221)**	**(1,417,680)**
Interest paid	5	(417)	(26)
Depreciation	5	(31,240)	(9,450)
Amortisation	5	(845,599)	(865,197)
LOSS AFTER INCOME TAX FROM CONTINUING OPERATIONS		**(3,003,477)**	**(2,292,353)**
PROFIT AFTER INCOME TAX FROM:			
Disposal group's held for sale	4	-	17,966
TOTAL LOSS AFTER INCOME TAX FOR THE YEAR		**(3,003,477)**	**(2,274,387)**
Add back loss after income tax from continuing operations attributable to minority interests in controlled entities		100,564	140,614
NET LOSS AFTER INCOME TAX ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT ENTITY		**(2,902,913)**	**(2,133,773)**

EARNINGS / (LOSS) PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT ENTITY FROM:	**2009 Basic (cents)**	**2009 Diluted (cents)**	**2008 Basic (cents)**	**2008 Diluted (cents)**
Continuing operations	(0.52)	(0.52)	(0.52)	(0.52)
Disposal group's held for sale	-	-	-	-
NET LOSS PER SHARE	**(0.52)**	**(0.52)**	**(0.52)**	**(0.52)**

The above consolidated income statement should be read in conjunction with the accompanying notes.

COUGAR ENERGY LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009

	Notes	30 June 2009 $	30 June 2008 $
ASSETS			
Current assets			
Cash and cash equivalents	7	5,644,565	9,484,263
Trade and other receivables		152,812	160,994
Other financial assets	7	952,306	13,777
Non-current assets classified as held for sale	6	-	90,821
Total current assets		**6,749,683**	**9,749,855**
Non-current assets			
Receivables – security deposits		29,378	1,600
Property, plant and equipment		718,869	27,768
Intangible assets		1,282,465	1,894,494
Project costs – UCG projects		12,906,112	4,489,117
Total non-current assets		**14,936,824**	**6,412,979**
TOTAL ASSETS		**21,686,507**	**16,162,834**
LIABILITIES			
Current liabilities			
Trade and other payables		925,565	179,964
Borrowings	7	229,123	256,411
Provisions		50,549	10,178
Non-current liabilities classified as held for sale	6	-	1,000
Total current liabilities		**1,205,237**	**447,553**
Non-current liabilities			
Provisions		2,676	-
Total non-current liabilities		**2,676**	**-**
TOTAL LIABILITIES		**1,207,913**	**447,553**
NET ASSETS		**20,478,594**	**15,715,281**
EQUITY			
Contributed equity		44,404,432	36,662,830
Unissued equity – ordinary shares		-	18,750
Reserves		1,532,721	1,494,483
Accumulated losses	8	(25,511,176)	(22,608,263)
Total equity attributable to equity holders of the parent entity		**20,425,977**	**15,567,800**
Add minority interests in the net assets of controlled entities		52,617	147,481
TOTAL EQUITY		**20,478,594**	**15,715,281**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	30 June 2009 $	30 June 2008 $
Net income recognised directly in equity		-	-
Net loss for the financial year			
Total loss after income tax for the year		(3,003,477)	(2,274,387)
Total recognised income and (expense) for the year		**(3,003,477)**	**(2,274,387)**
Total recognised income and (expense) for the financial year is attributable to:			
Equity holders of the parent entity	8	(2,902,913)	(2,133,773)
Minority interests in controlled entities		(100,564)	(140,614)
Total recognised income and (expense) for the year		**(3,003,477)**	**(2,274,387)**

The above consolidated statement of changes in recognised income and expense should be read in conjunction with the accompanying notes.

COUGAR ENERGY LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Year Ended 30 June 2009 $	Year Ended 30 June 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (including GST)		(2,667,178)	(1,791,525)
Government grants received for VRB Batteries (including GST)		-	275,000
Interest received		382,204	161,296
Interest paid		(416)	(26)
Income taxes (paid) / refunded		60,883	101,720
Net cash (outflow) from operating activities		**(2,224,507)**	**(1,253,535)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of available-for-sale listed equities		-	126,021
Payments for selling costs in relation to listed equity sales		-	(3,931)
Payments for security deposits on long-term tenancies		(25,106)	-
Payments for property, plant and equipment		(722,627)	(28,624)
Payments for intangible assets – UCG licence fees		(250,000)	-
Payments for UCG project costs		(7,095,184)	(1,451,061)
Proceeds from the sale of intangible assets – VRB patents		18,783	-
Payments for selling costs in relation to intangible asset sales		(1,877)	-
Payments for loans to non-related entities		(50,000)	-
Repayment of loans by related parties		-	9,573
Payments for company formation costs for related entities		-	(3,817)
Net cash (outflow) from investing activities		**(8,126,011)**	**(1,351,839)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from calls on partly paid ordinary shares		-	760,000
Proceeds from ordinary shares issued by the parent entity		4,200,000	7,000,000
Proceeds from ordinary shares issued by controlled entities		-	228,818
Proceeds from the exercising of listed options		3,068,352	1,935,565
Proceeds from the exercising of unlisted vendor options		450,000	-
Proceeds from unissued ordinary shares (exercised listed options)		-	18,750
Payments for share issue transaction costs – ordinary shares issued		(252,000)	(386,400)
Net cash inflow from financing activities		**7,466,352**	**9,556,733**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,884,166)**	**6,951,359**
Cash and cash equivalents at the beginning of the year		9,241,629	2,331,764
Effects of exchange rate changes on cash and cash equivalents		10,285	(41,494)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**7**	**6,367,748**	**9,241,629**

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Basis of preparation

The Company's preliminary final report does not include all of the notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report, together with any public announcements made by Cougar Energy Limited (ASX code: CXY).

This preliminary financial report has been prepared in accordance with the recognition and measurement requirements, but not all of the disclosure requirements, of Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include the Australian equivalents to International Financial Reporting Standards.

Unless otherwise stated this preliminary financial report is presented in Australian dollars.

The significant accounting policies adopted in the preparation of this preliminary financial report are consistent with those adopted by the Company in the preparation of its 30 June 2008 financial report and its 31 December 2008 half year financial report.

Principles of consolidation

These consolidated financial statements are those of the consolidated entity (the Cougar Energy Group), comprising the financial statements of the parent entity (Cougar Energy Limited) and all of the entities which it controlled from time to time during the year and as at the respective balance dates stated in these financial statements. Note 2 to these financial statements list's all of the subsidiary entities controlled by the parent entity.

The financial statements of the subsidiary entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Should there be any dissimilar accounting policies between the subsidiary entities and those of the parent entity, adjustments are made to the subsidiary entities financial statements to bring them into line with those of the parent entity. All inter-group balances and transactions, including any unrealised profits or losses have been eliminated upon consolidation.

NOTE 2 INVESTMENTS IN CONTROLLED ENTITIES

				Parent entity's equity holdings in controlled entities as at:	
Name of controlled entity	**Date of Incorporation**	**Country of Incorporation**	**Class of Equity held**	**30 June 2009 %**	**30 June 2008 %**
Cougar Energy UCG Pty Ltd	27-03-2003	Australia	Ord shares	100.00%	100.00%
Cougar Energy (UK) Ltd	01-06-2006	United Kingdom	Ord shares	47.83%	47.83%
Cougar Energy Pakistan (Private) Ltd *	18-03-2008	Pakistan	Ord shares	47.83%	47.83%

* = Cougar Energy Pakistan (Private) Ltd is 100% owned by Cougar Energy (UK) Ltd.

	Year Ended 30 June 2009 $	Year Ended 30 June 2008 $
NOTE 3 REVENUE		
Other revenue from continuing operations		
Interest received	382,971	152,870
Other revenue from disposal groups held for sale		
Interest received on financial assets	-	8,427
Total revenue from all operations	**382,971**	**161,297**

NOTE 4 OTHER INCOME

Other income from continuing operations		
Profit on the sale of VRB patents	16,906	-
Unrealised gain on foreign exchange	669	-
Total other income from continuing operations	**17,575**	**-**
Other income from disposal groups held for sale		
Grants received for VRB battery technology	-	250,000
Total other income from all operations	**17,575**	**250,000**

NOTE 5 EXPENSES

Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation of property, plant and equipment	31,240	9,450
Amortisation of intangible assets – key employment contracts	845,599	865,197
Finance costs – interest paid	417	26
Unrealised loss on foreign currencies	-	6,057
Contributions to accumulated superannuation funds	283,156	167,181
Research and development	4,820	13,823
Legal fees	114,002	45,929
Impairment losses on investments in non-related entities	-	120,713
Realised losses on disposal of investments in non-related entities	-	3,254
Rental expense relating to operating leases		
Minimum lease payments	85,983	41,263
Assets written off		
Inventory – VRB batteries	31,201	-
Property, plant and equipment	6,596	-
Total assets written off	**37,797**	**-**
Profit before income tax from disposal groups held for sale includes the following specific expenses:		
Research and development	-	9,107
Government grants repaid	-	243,393
Impairment losses		
Deposits held for VRB batteries	-	(1,000)
Inventory – VRB batteries	-	36,967
Total impairment losses	**-**	**35,967**

NOTE 6 NON-CURRENT ASSETS – DISPOSAL GROUP'S CLASSIFIED AS HELD FOR SALE

Prior to the formation of the group on 29 September 2006, the principal business conducted by the parent entity was the development of Australian markets for its Vanadium Redox Battery ("VRB") Energy Storage System ("ESS") technology. Since the acquisition of the UCG business, the group's VRB battery technology activities have been progressively wound down, resulting in these activities being classified as a disposal group held for sale in the 2008 financial year.

In April 2008 a Transfer Agreement between Cougar Energy Limited ("CXY") and VRB Powers Systems, Inc was proposed, whereby VRB would refund to CXY the purchase price (USD $30,000) of two VRB Energy Storage Systems ("ESS") and purchase from CXY its Australian ESS related patents for USD $20,000. Based on this agreement, CXY's ESS inventory was written down to $31,201 at 30 June 2008 being the Australian dollar equivalent of USD $30,000 at the time. The sale of CXY's Australian patents was not recognised in the Group's financial statements at 30 June 2008 due to the inherent uncertainty surrounding its recoverability.

On 21 November 2008 VRB appointed an interim receiver over the assets and property of the group, prior to execution of the agreement. On 20 January 2009, certain of VRB's inventory, intellectual property rights, and plant and equipment was subsequently sold to JD Holdings, Inc for USD $2 million. In light of this, CXY's VRB ESS inventory was written off, resulting in a $31,201 contribution to the Group's loss from continuing operations for the year ended 30 June 2009.

Also during the 2009 financial year, CXY incurred patent renewal fees for certain of the Australian VRB ESS patents totalling $4,820 and repaid a $1,000 deposit it was holding on the supply and installation of a VRB ESS relating to an order placed with the Company prior to it focussing on its present UCG activities. CXY also received $59,621 in research and development tax loss offsets claimed in relation to the financial year ended 30 June 2008. This receipt was recorded as part of trade and other receivables as at 30 June 2008. CXY also sold its Australian VRB ESS related patents to Prudent Energy, a subsidiary of JD Holdings, Inc for USD $15,000, realising a net profit after selling costs of $16,906. The net effect of all these transactions is that, as at 30 June 2009, the VRB disposal group held for sale has now effectively been wound up. All of the foregoing VRB transactions incurred in the 2009 financial year have therefore been classified as part of continuing operations. No further VRB related transactions are envisaged in the 2010 financial year.

	Year Ended 30 June 2009 $	Year Ended 30 June 2008 $
NOTE 7 CASH AND CASH EQUIVALENTS		
Reconciliation to cash at the end of the year		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled as follows:		
Cash and cash equivalents	5,644,565	9,484,263
Other financial assets	952,306	13,777
Borrowings – bank overdrafts	(229,123)	(256,411)
Balances per the statement of cash flows	**6,367,748**	**9,241,629**

NOTE 8 ACCUMULATED LOSSES

Movements in accumulated losses were as follows:		
Balance at the start of the financial year	(22,608,263)	(20,475,963)
Add Net loss for the year after tax attributable to the Equity holders of the parent entity	(2,902,913)	(2,133,773)
Less Adjustment for Foreign currency translation reserve error	-	1,473
Balance at the end of the financial year	**(25,511,176)**	**(22,608,263)**

NOTE 9 SEGMENT INFORMATION

The principal business of the group is the development of Underground Coal Gasification ("UCG") projects in Australia and internationally.

(a) Primary reporting format – business segments

The following primary segment information is consistent with the basis of reporting disclosed in the group's annual financial report for the year ended 30 June 2008.

Primary reporting format – business segments	Continuing Operations	Disposal Group's Held for sale (Note 3)	Inter-segment Eliminations	Group Consolidated Totals
Transactions for the year ended 30-06-2009	**UCG Projects $**	**VRB Technology $**	**$**	**$**
REVENUE				
External revenue	-			-
Inter-segment revenue	-			-
Total segment revenue	**-**	**-**		**-**
Interest received	382,971	-		382,971
Profit on the sale of VRB patents	16,906	-		16,906
Unrealised gain on foreign currencies	669	-		669
Total group revenue	**400,546**	**-**		**400,546**
RESULT				
Segment loss before income tax	(122,435)	-		(122,435)
Unallocated loss before income tax	(2,003,786)	-		(2,003,786)
Loss before interest, income tax, depreciation and amortisation ("EBITDA")	**(2,126,221)**	**-**		**(2,126,221)**
Interest paid	(417)	-		(417)
Income tax (expense) / benefit	-	-		-
Depreciation	(31,240)	-		(31,240)
Amortisation	(845,599)	-		(845,599)
Total loss after income tax for the year	**(3,003,477)**	**-**		**(3,003,477)**
Add back loss after income tax attributable to minority interests	100,564	-		100,564
Net loss after income tax attributable to the ordinary equity holders of the parent entity	**(2,902,913)**	**-**		**(2,902,913)**

NOTE 9 SEGMENT INFORMATION (continued)

Primary reporting format – business segments **Transactions for the year ended 30-06-2008**	**Continuing Operations** **UCG Projects** **$**	**Disposal Group's Held for sale (Note 3)** **VRB Technology** **$**	**Inter-segment Eliminations** **$**	**Group Consolidated Totals** **$**
REVENUE				
External revenue – government grants received	-	250,000		250,000
Inter-segment revenue	-	-		-
Total segment revenue	**-**	**250,000**		**250,000**
Interest received	152,870	8,427		161,297
Total group revenue	**152,870**	**258,427**		**411,297**
RESULT				
Segment profit / (loss) before income tax	(232,508)	(41,655)		(274,163)
Unallocated loss before income tax	(1,185,172)	-		(1,185,172)
Loss before interest, income tax, depreciation and amortisation ("EBITDA")	**(1,417,680)**	**(41,655)**		**(1,459,335)**
Interest paid	(26)	-		(26)
Income tax (expense) / benefit	-	59,621		59,621
Depreciation	(9,450)	-		(9,450)
Amortisation	(865,197)	-		(865,197)
Total loss after income tax for the year	**(2,292,353)**	**17,966**		**(2,274,387)**
Add back loss after income tax attributable to minority interests	140,614	-		140,614
Net loss after income tax attributable to the ordinary equity holders of the parent entity	**(2,151,739)**	**17,966**		**(2,133,773)**

(b) Secondary reporting format – geographical segments

The Group's UCG operations are concentrated predominantly within Australia, with relatively immaterial preliminary operations carried out in Pakistan and the United Kingdom.

NOTE 10 CONTINGENT LIABILITIES

(a) Amounts potentially payable under a Memorandum of Understanding with Project Financier

Under the amended terms of the Memorandum of Understanding entered into by the parent entity and Direct Invest (Pte) Ltd in relation to the provision of project finance for the Kingaroy UCG project, a financing plan for that project must be agreed upon by both parties by no later than 30 April 2009. Both parties have subsequently informally agreed to extend the financing plan deadline pending the completion of a detailed cash flow forecast for the Kingaroy power station project.

In the event that the plan cannot be agreed upon, due to Cougar Energy Limited's ("CXY") failure to use all reasonable endeavours as required, then CXY will be obliged to pay Direct Invest (Pte) Ltd a fee of $250,000 excluding GST. Whilst Cougar Energy Limited is well advanced with the preparation of this plan and a detailed cash flow forecast for the project, and is in regular discussions with Direct Invest (Pte) Ltd about its progress, the plan's final completion and therefore whether or not Cougar Energy Limited will have any obligation to Direct Invest (Pte) Ltd in relation to this fee remains uncertain as at 30 June 2009. At the date of announcing this report, CXY has complied with all its obligations in relation to the financing plan.

(b) Amounts potentially payable under a General Licence Agreement for the use of UCG Technology

On 3 November 2008 Cougar Energy Limited entered into a General Licence Agreement with Ergo Exergy Technologies, Inc ("Ergo") to apply Ergo's UCG technology to its projects in Australia and other parts of the world (excluding Canada and New Zealand) which do not compete with any other Ergo licensed projects. The total licence fee payable is based on the achievement of four defined milestones, with the first one occurring on the executing of the agreement.

As at 30 June 2009, liability for the remaining licence fees payable to Ergo remain contingent upon CXY achieving the three remaining milestones. These milestones involve a combination of financial and technical considerations. At this stage, there is still significant uncertainty as to the likelihood of achieving the remaining milestones.

(c) Amounts potentially payable under employment contracts in relation to capital raisings

On 4 May 2009 an employment contract was entered into between CXY and Mr Brad Glynne, it's newly appointed General Manager, Corporate Finance. As part of this agreement, Mr Glynne will become entitled to certain cash bonuses upon the successful completion of the stage one and two funding for the Kingaroy power station project. These stages coincide with the financing stages contemplated in the MOU the Company has signed with Direct Invest (Pte) Ltd. Stage one involves the raising of approximately $30 million, whereas stage two involves the raising of a significantly higher sum which has yet to be determined.

Upon completion of the stage one financing, Mr Glynne will become entitled to a cash payment of $200,000. At the date of announcing this preliminary final report, the Company is currently in the process of raising capital via simultaneous placements to institutional and sophisticated investors in Australia and accredited investors in the United States of America. This capital raising forms part of the stage one financing.

As at 30 June 2009, there remains inherent uncertainty in relation to the successful completion of the first financing and therefore whether or not Mr Glynne will become entitled to all or part of the cash bonus associated with this stage of financing.

NOTE 11 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The following table sets out in chronological order the material events that have occurred since 30 June 2009, involving the parent entity and / or its subsidiary entities. Where possible the financial impact of each event has also been quantified.

Effective Date	Transaction details and financial impact:
10-Jul-2009	The Company announced the successful installation of the first three process / production wells at its Kingaroy power station project. These wells will be used in the upcoming pilot burn.
31-Jul-2009	The Company held an Extraordinary General Meeting seeking shareholder approval for the May 2009 placement of 70 million fully paid ordinary shares issued to institutional and sophisticated investors and the upcoming issue of 15 million ordinary shares to Cockatoo Coal Ltd, following the finalisation of an MDL application covering the northern half of the designated UCG area contained within their EPC 882 at Kingaroy. Both resolutions were passed on a show of hands by those shareholders present at the meeting.
06-Aug-2009	The Company announced the successful completion of its air acceptance or linkage testing at its Kingaroy power station project. The testing, which included verification of the applicability of the underground coal gasification process to the gas seam, achieved all its objectives.
07-Aug-2009	The Company issued 5,423,250 fully paid ordinary shares at $0.03 following the exercising of the same number of unlisted vendor options with an expiry date of 06-Oct-2009. Gross proceeds received by the Company were $162,698.
18-Aug-2009	The Company announced the results of its EPC 1118 drilling program at Wandoan, Qld. A JORC compliant resource of 341 million tonnes of coal was confirmed, of which; 34 million tonnes have been classified as an indicated resource and 307 million tonnes have been classified as an inferred resource.
24-Aug-2009	The Company issued 5,104,000 fully paid ordinary shares at $0.03 following the exercising of the same number of unlisted vendor options with an expiry date of 06-Oct-2009. Gross proceeds received by the Company were $153,120. The Company also issued 15 million fully paid ordinary shares at no consideration to Cockatoo Coal Ltd following the lodgement of an MDL application covering the northern half of the designated UCG area contained within their EPC 882 at Kingaroy. The finalisation of this MDL application was the final condition precedent in a Joint Venture Termination and Future Cooperation Agreement entered into by the Company and Cockatoo Coal Ltd on 25-Nov-2008. Under this agreement, the Company's equity interest in the UCG designated area contained within their EPC 882 reverts back to Cockatoo Coal Ltd, effectively giving Cockatoo Coal Ltd 100% of that part of their EPC 882 covering the UCG designated area, whilst giving the Company 100% of the two MDL's that now overlay that UCG designated area. The Company also gained access to all parts of Cockatoo Coal Ltd's other Qld tenements which are suitable for UCG operations and which don't interfere with Cockatoo Coal Ltd's open cut coal mining activities. Based upon a closing market price of $0.097 (9.70 cents), the value of the shares issued to Cockatoo Coal Ltd was $1,455,000.
27-Aug-2009	The Company announced two further significant advancements at its Kingaroy power station project. Firstly, a combined construction contract was awarded to Eastcoast Development Engineering Pty Ltd to undertake all the earthworks, civil works, mechanical, piping, electrical and instrumentation works at Kingaroy. And secondly, the Company has received a "Mineral f" permit from the Qld Department of Mines and Energy which will now enable the Company to establish a UCG project on site within its MDL 385.
28-Aug-2009	The Company requested, and was granted, a trading halt on its listed securities whilst the Company undertakes simultaneous placements under listing rule 7.1 (issues not exceeding 15% of the Company's issued capital without shareholder approval) to institutional and sophisticated investors in Australia and accredited investors as defined in Rule 501 of Regulation D of the Securities Act 1933 in the United States of America.