

Cougar Energy Limited

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Stock symbols

ASX: CXY

Reuters: CXY.AX

Bloomberg: CXY AU

No. of shares on issue

645,521,749

Current share price

AUD 0.105

Market capitalisation

AUD 67.8 Million

6 August 2009**SUCCESSFUL COMPLETION OF AIR LINKAGE TESTING AT KINGARROY**

Cougar Energy Limited (ASX Code: CXY) is pleased to announce the successful completion of the air linkage testing at the Company's Kingaroy Power Plant Project in Queensland.

Significantly, the testing – which included verifying the applicability of the Underground Coal Gasification (UCG) process to the gas seam - achieved all of its objectives, including:

- **verification of the success installation of the process wells**
- **acceptance of air at pressures up to 23 bar gauge**
- **successful air connection between the process wells**
- **provision of working technical data on the underground system to enable completion of the UCG process design.**

Staff from **Cougar Energy** and its technology partner **Ergo Exergy Technologies Inc** (led by its CEO Dr Michael Blinderman), undertook a program of air linkage testing on the three production wells installed on MDL 385 at Kingaroy from 27 – 31 July 2009.

The program involved the injection of air in one or more of the wells and the measurement of flow and pressure responses in adjacent wells. Results of the tests were analysed to further verify the flow characteristics of the coal seam and its overburden under working conditions.

Testing verified the applicability of the UCG technology to the coal seam and enables the Company to proceed with confidence to the operating phase of pre-production of gas at Kingaroy.

Managing Director & CEO Dr Len Walker commented on the results: "The completion of these trials is an important step in verification of the suitability of the Kuniion coal seam on MDL 385 for the Ergo Exergy UCG process. It has been undertaken as part of the Company's continuing professional approach to staged development of the Kingaroy Power Project."

"We look forward to the imminent receipt of appropriate approvals from the Queensland Government so that further site work on this important commercialisation of the UCG technology can continue".



On-site at Kingaroy during air linkage testing: Dr Michael Blinderman, CEO Ergo Exergy Technologies (centre) and Andrew Brown, Cougar Energy Technology Manager (centre right)

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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 targeting 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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