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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 0.088

**Market capitalisation**  
AUD 56.81Million

10 July 2009

## **COUGAR ENERGY ADVANCES ITS QUEENSLAND UNDERGROUND COAL GASIFICATION PROJECTS**

Cougar Energy Limited (ASX Code: CXY) provides the following update as it continues to advance its Queensland Underground Coal Gasification (UCG) projects at Kingaroy and Wandoan.

### **Highlights:**

- **First three process wells now installed at Kingaroy Project**
- **Tenders being evaluated for pre-production gas treatment plant**
- **Pre-production phase to commence in December**
- **Drilling under way for additional Kingaroy resources**
- **Wandoan project – 4 drill holes already completed to define resource**
- **JORC complicant resource expected in August for Wandoan**

### **KINGAROY**

At the Kingaroy site, Cougar has installed the first three process wells, which have been set in the Kunioon coal seam with an approximate thickness of 10m at a depth of between 195m and 200m. Site staff are now completing the valving on each of the wells and interconnecting them in preparation for a program of air acceptance testing scheduled to commence at the end of this month.

With respect to commencement of site works for the pre-production phase of the Company's proposed 400MW Power Station project, granting of the Mineral f attachment to MDL 385 is imminent, and the Company is seeking clarification of aspects of the Queensland Government's UCG policy as it may affect the project's planned development schedule.

Evaluation of the tenders for construction of the pre-production gas treatment plant at Kingaroy is being completed. The Company expects the pre-production phase to commence in December of this year.

Cougar is also conducting further drilling for resources at its Kingaroy tenement. The drilling rig is currently operating within the UCG Designated Area to the north of MDL 385 to establish the likely boundary of the coal

basin, and the potential for an expansion of the existing resource outside MDL 385.

### **WANDOAN**

At Cougar's Wandoan project in the Surat Basin, the first 4 holes of an 8 hole drilling program to define an initial JORC resource on EPC1118 have now been completed. Drilling commenced late in May and continued through June. Some delays were experienced due to rain and drilling rig availability.

Drilling has been conducted on a "step-out basis" commencing near previously drilled sites which had promising intersections of the Macalister Seam series, namely seams MA1, MA2, and MA3.

All newly completed drillholes are shown in red on the attached map (together with holes drilled in the previous campaign), and are concentrated in the area between previously drilled sites W001 and W002C in the north-west part of the tenement. The drilling has confirmed the continuity of the Macalister seam series in the newly drilled area, with suitable coal seam thicknesses recorded in all holes. Summary results are tabulated below.

The Wandoan drilling program will continue following a changeover of the drilling rig in the next week, and it is intended to focus eastwards of site W002C where the geological character of these deposits is expected to yield further suitable intersections. Coal seams have been sampled and submitted for laboratory testing.

It is planned to complete the Wandoan investigation by late July, with an announcement of JORC Compliant Coal Resource in August.

**The work being undertaken at Kingaroy and Wandoan is part of Cougar Energy's unwavering focus to develop substantial commercial projects in Queensland based on using proven world-leading technology for the supply of UCG gas as a very cost competitive fuel with lower CO<sub>2</sub> emissions.**

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Hole No	Seam	Depth		Thickness (metres)
		From	To	
W001	MA1	287.89	293.95	6.06
	MA2	294.44	297.67	3.23
	MA3	298.82	300.79	1.97
W011	MA1	263.62	264.45	0.83
	MA2	269.93	273.31	3.38
	MA3	297.23	300.55	3.32
W013C	MA1U	237.93	240.41	2.48
	MA1L	242.41	243.69	1.28
	MA2	252.10	255.30	3.20
	MA3	289.86	293.61	3.75
W012C	MA1	208.00	212.00	4.00
	MA2	226.00	231.74	5.74
	MA3	261.09	268.25	7.16
W018C	MA1	215.97	221.58	5.61
	MA2	238.42	243.19	4.77
	MA3	244.40	247.83	3.43
W002C	MA1	215.97	221.58	5.61
	MA2	238.42	243.19	4.77
	MA3	244.40	247.83	3.43
	MA3	261.09	268.25	7.16

**Table 1: Wandoan Drilling Data**

### About Cougar Energy Limited

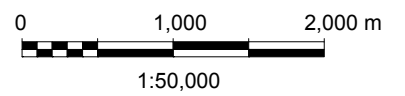
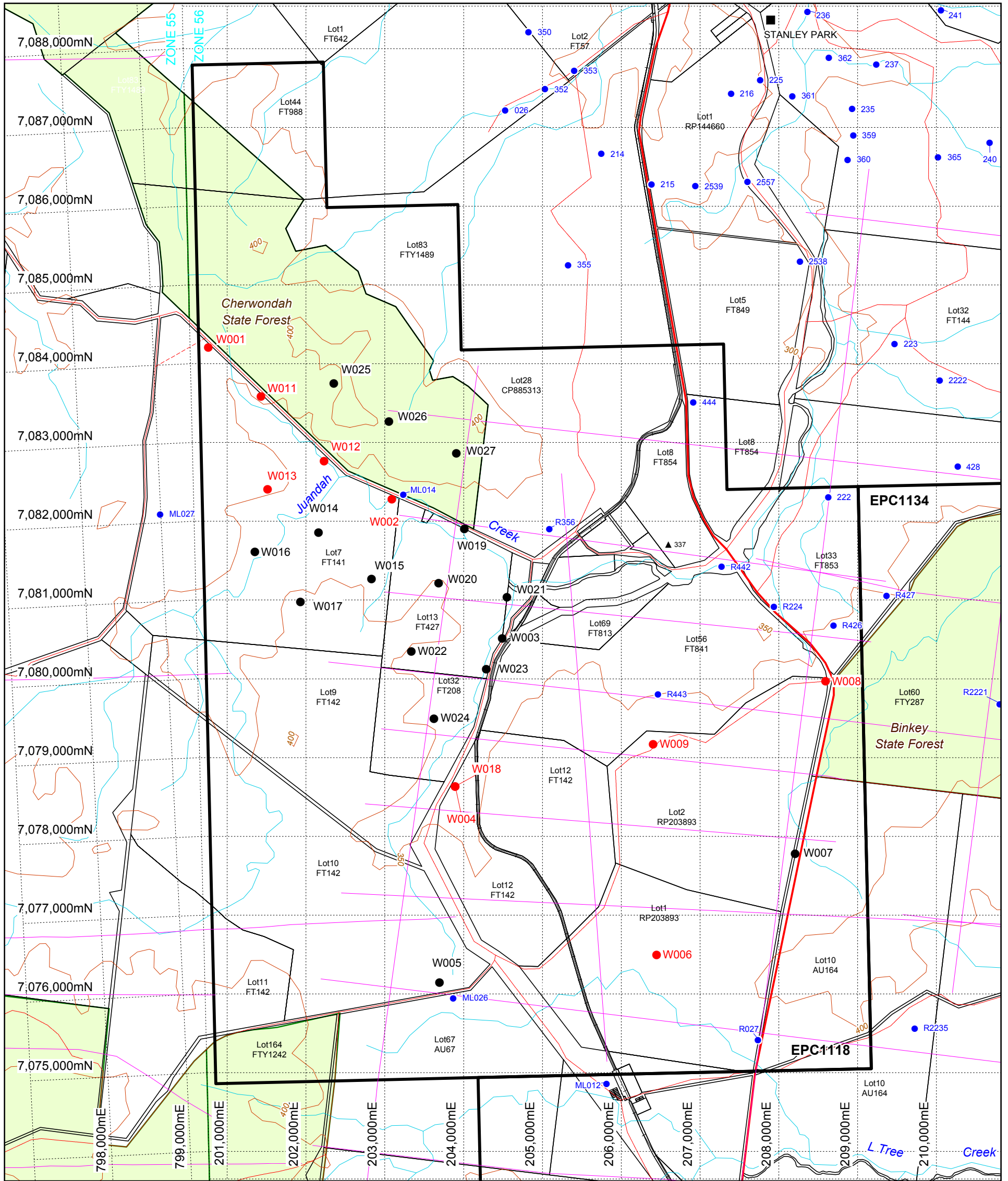
Cougar Energy Limited is an Australian company at the forefront of progressing the development and commercialization of Underground Coal Gasification (UCG) projects, using the world’s best proven technology. The UCG process converts coal in-situ into a gas which can be used as a low emissions fuel for power generation or for conversion into a range of petrochemical products and gas-to-liquid solutions.



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 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.

**[www.cougarenergy.com.au](http://www.cougarenergy.com.au)**



**LEGEND**

- R2235 Historic drill hole
- W001 Completed drill holes
- W019 Proposed drill holes
- Seismic lines

			<b>WANDOAN</b>
<b>EPC1118</b>		<b>FIGURE</b>	
<b>DRILL HOLE LOCATIONS</b>			
COMPILED BY	G. LEBLANG	JUN 09	SCALE 1:50,000
DRAFTED BY	K.J. CORRIE	JUN 09	Proj. MGA94 (Zone 56)
REVISED	K.J. CORRIE	JUL 09	DWG No :