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Cougar Energy takes measures to cut costs as uncertainty continues over Kingaroy re-ignition

Cougar Energy Limited (ASX: CXY) provides the following market update.

The Company's Board of Directors continues to conduct a review of Cougar Energy's operational and financial requirements as a result of the Queensland Government's decision to delay the approval of re-ignition of the Kingaroy pilot plant until an environmental evaluation is completed and assessed.

The Cougar Energy review includes on-going discussions with financiers and investors as to funding alternatives for the Company's projects.

As a result of the delay and uncertainty as to when its Kingaroy operations will recommence, Cougar Energy has taken steps to consolidate its financial position. In line with this process, it has today regrettably made the decision to terminate the employment of the majority of staff at the Kingaroy project and in the Company's Brisbane and Melbourne offices.

Various arrangements with contractors and local services providers have also been discontinued for the time being.

Managing Director Dr Len Walker said that it was a difficult decision to give notice to valued and talented members of the Cougar Energy team.

"I am grateful to every one of our employees for their dedication and commitment to building our groundbreaking UCG projects in Australia and I wish them every success in the future," he said.

The future of the Kingaroy project will remain under constant review until the environmental evaluation process has been completed. A core number of staff will be retained to continue progressing the development of Cougar Energy's projects in Australia and overseas.

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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 fired 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).

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