

Cougar Energy

- Cleaner energy.
- Low cost energy.
- Efficient resource utilisation.



Presentation to 4th Annual Surat Basin Coal and Energy Conference

11 May 2011

Dr Len Walker, Managing Director

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The information as it relates to coal resources in this Presentation is based on information compiled by Mr. Garry Leblang who is a Fellow of the Australian Institute of Mining and Metallurgy. Mr. Leblang is employed by Himap Pty Ltd., trading as Coal Search Consultants. Mr. Leblang has in excess of five years experience, and therefore sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Leblang consents to the use of the resource figures in the form and context in which they appear in this Presentation.

Why develop UCG ?

- Energy alternative to solve current challenges in energy supply/demand imbalance
- Demand for electricity to exceed new supply in most Asian economies and Australia, particularly in Queensland

Low cost energy

- Cost effective feedstock (ca. 50% cost of natural gas) for multiple uses
- Significant capex savings and low production costs
- Sustainable source of base load power
- Affordable and secure supply to domestic market

Efficient utilisation of resources

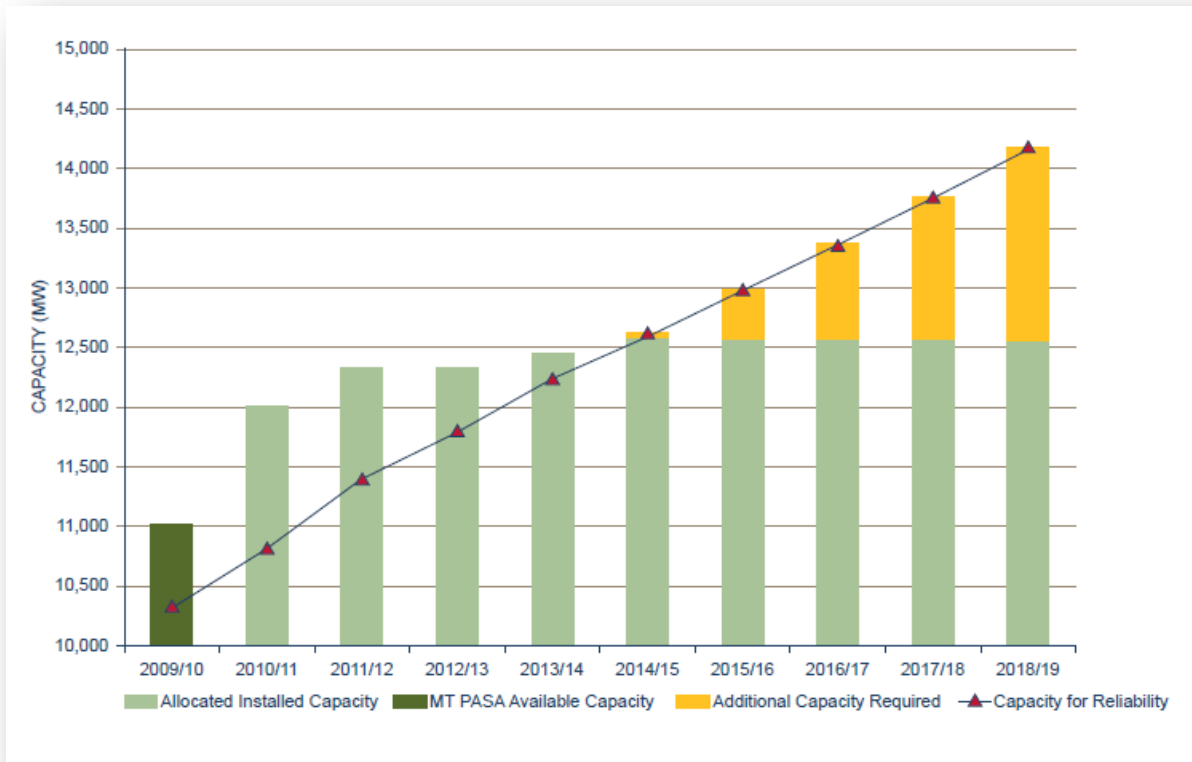
- More efficient utilisation of resource than conventional mining
- 15 x less area than coal seam gas

Cleaner energy

- Lower emissions compared to coal-fired utilities (25-40%)
- Minimal impact - nominal waste water, no surface ash disposal
- Process allows carbon dioxide separation

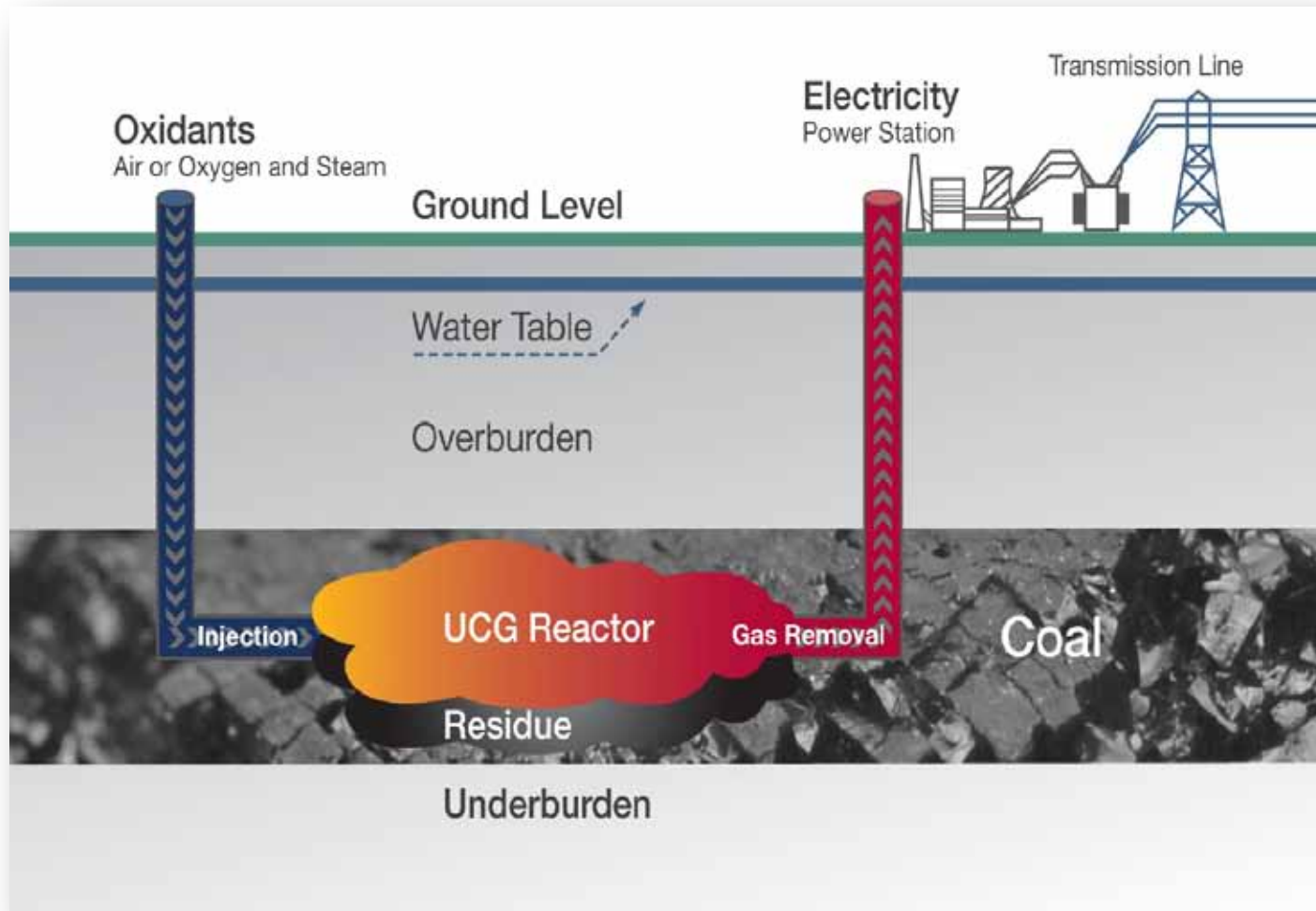
Smarter use of coal

AEMO supply-demand outlook for Queensland



- Forecasts that Queensland will experience reserve deficits from 2014/15

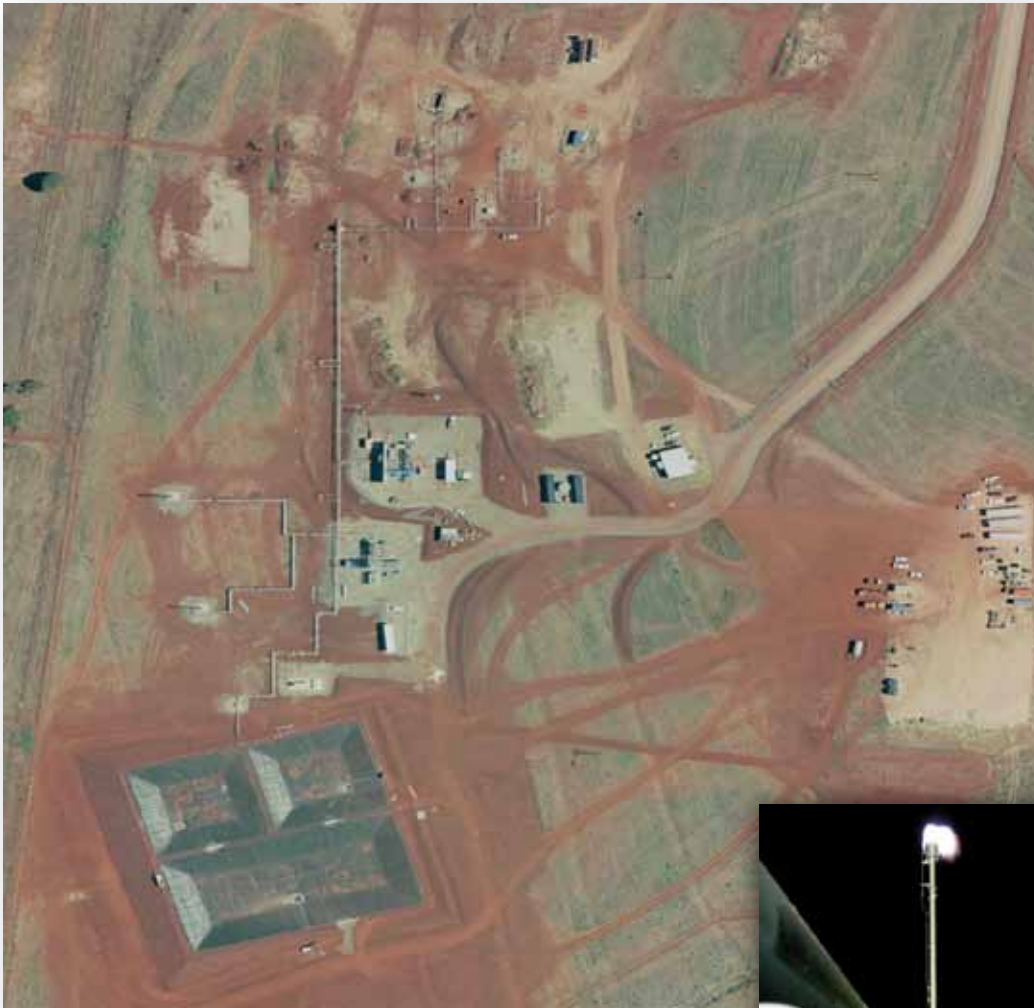
Source: Australian Energy Market Operator "Electricity Statement of Opportunities For the National Electricity Market" Executive Briefing 2009 Queensland Summer Outlook page 7



Proven commercial UCG technology: Ergo Exergy Technologies Inc.

- 1999-2002 Successful Chinchilla Pilot Burn - 35,000t coal gasified
- 2007 Linc Energy, Carbon Energy and Cougar Energy developing pilot burns
- Aug. 2008 Queensland Government considers 3 years moratorium for UCG
- Feb. 2009 Government announces UCG Policy
 - ▶ Only 3 pilot burns allowed in Queensland
 - ▶ Final decision on allowing technology in Q'land
 - ▶ Independent Scientific Panel (ISP) appointed
- May 2010 Queensland Government advises 30 MW of power generation is permitted as part of UCG trials
- July 2010 Cougar Energy Kingaroy pilot burn shut down, all pilot burns subject to Environmental Evaluation Notices
- Dec. 2011 ISP to report to Government on three pilot burns
- June 2012 Government to determine whether UCG operations permitted to proceed to commercial scale in Queensland

- Four year pilot burn history in **South Africa**, with electricity generation (40 MW) to commence shortly
- Pilot burn to commence in **New Zealand** later this year
- Preparations progress for pilot burn in Alberta, **Canada**
- Tenders called for UCG coal blocks by Indian Government
- Several projects proposed in Wyoming, **USA**
- Project developments proposed in **China, Chile, Pakistan and Indonesia**
- In Europe, projects proposed for **UK, Hungary, Poland and Turkey**



Plant site layout



Project status:

- DERM issued Notice of Proposed Action on 28 January 2011 – propose to put site on to care and maintenance
- Cougar Energy contesting Notice – lodged submission on 28 February 2011
- Awaiting decision from DERM
- Scope for further appeal



Gas processing plant

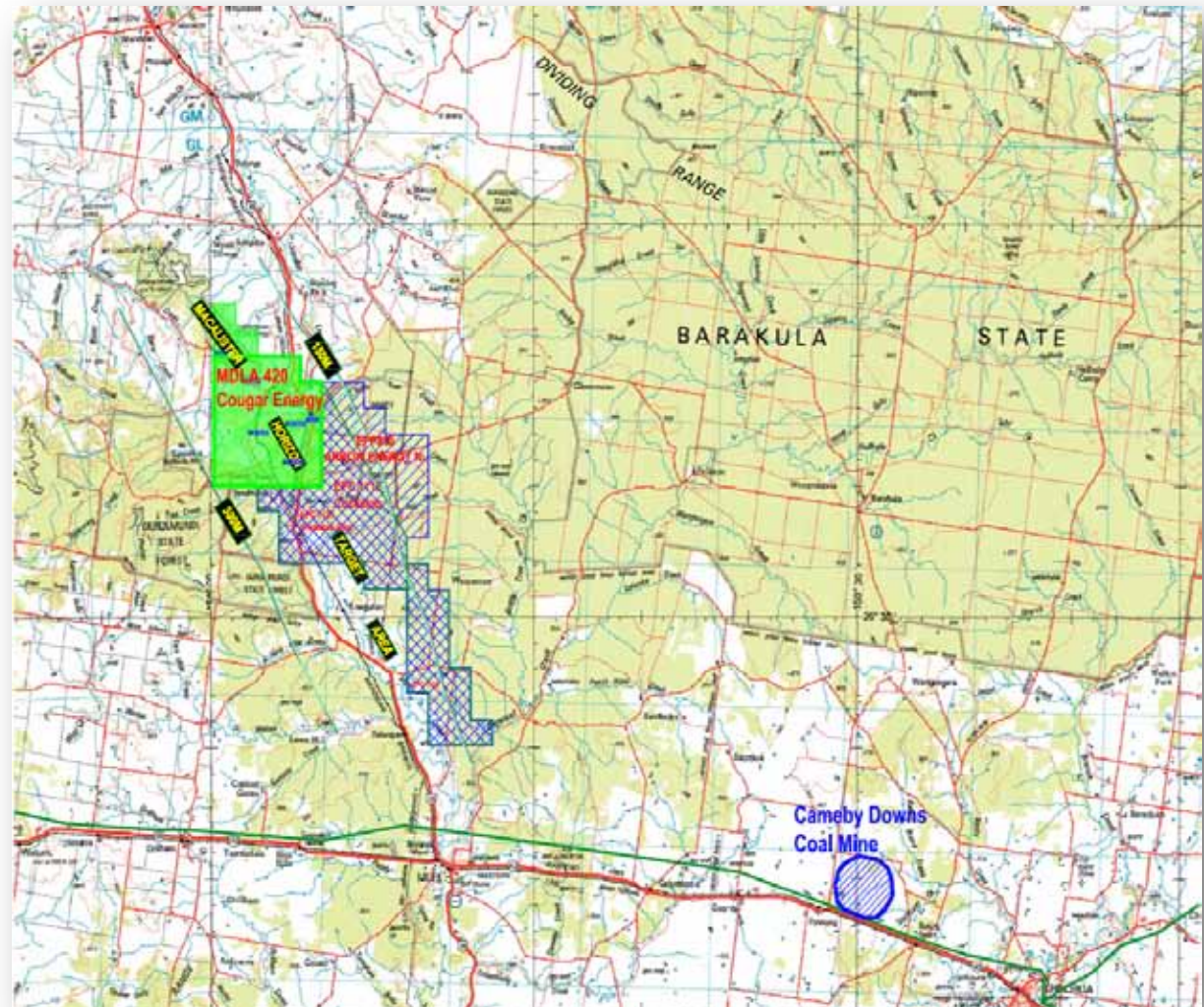
- Plant is constructed on skids
- Can be “deconstructed” and transported to other sites

No contamination of landowner water bores

- 400 + samples taken
- 13,000 + chemical tests undertaken
- Two isolated, transient readings of 2 ppb benzene in May 2010 were the only exceedances of the drinking water benchmark (1ppb)
- These readings were taken from a monitoring bore on the edge of the plant site
- No exceedances of any drinking water benchmark have been detected in surrounding landowner water bores (radius of 2 kilometres)

Significant resource position in fast growing region

- Located in the coal rich Surat Basin in Queensland
- Cougar Energy controls EPC 1118 – 65 km² (MDL 420 pending)
- Initial drilling program concluded: 341 million tonnes JORC resource (34 million indicated and 307 million inferred)
- Macalister coal seam at a depth and thickness suitable for UCG projects
- Rights to coal below 150 metres in depth on EPC 1134: drilling data confirms coal seams at those depths



High growth corridor = strong demand for power

- Cougar Energy has accelerated development of projects in Asia
- Two key projects in China – Xin Jiang Province and Inner Mongolia



- Thar coal field project in Pakistan
- Prospects under examination in Mongolia and Indonesia
- Cougar Energy continues to receive unsolicited proposals to consider joint ventures for prospective UCG sites in Asia