



29 April 2011

COUGAR ENERGY LIMITED
QUARTERLY REPORT (pursuant to Listing Rule 5.2)
JANUARY – MARCH 2011

Other than responding to notices from the Queensland Government's Department of Environment and Resource Management (DERM) as outlined below, no exploration, development or production work was carried out on the tenements controlled by the Company during the quarter ending 31 March 2011.

As previously announced, Cougar Energy's Underground Coal Gasification (UCG) operation at Kingaroy (MDL 385) in Queensland was suspended by DERM on 17 July 2010.

The Company received a Notice of Proposed Action dated 28 January 2011 issued by DERM in respect of MDL 385 at Kingaroy. The Notice proposes, inter alia, to restrict the Company's activities at the Kingaroy site to decommissioning, rehabilitation and care and maintenance.

Cougar Energy has lodged a Submission to DERM on 28 February 2011 contesting the proposed actions under the Notice. Attached to that Submission is the Company's Response (available on the Company's website) to the Summary Report of the Independent Scientific Panel dated 24 January 2011. The Company currently awaits the response of DERM to its Submission.

There has been no exploration, development or production work on the Company's Wandoan tenements MDLA 420 and EPC 1118 located in Queensland.

During the reporting period the Company did not undertake any exploration, development, or production work in relation to its projects with Eneabba Gas Group (in respect of EL exploration permit E70/2758 located in Western Australia) or Ignite Energy Limited (in respect of exploration licence EL4416 located in Victoria).

As previously announced, the Company's partner DeTailong Investment Energy Ltd (DeTailong) has submitted a jointly signed Co-operation Agreement and an associated project development proposal for the Wu Ni Te coal deposit to the responsible local authorities for project registration. Approval is now anticipated during May/June.

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