



24 January 2011

### AGREEMENT WITH ENEABBA GAS LIMITED

**Cougar Energy Limited (ASX: CXY)** refers to the announcement of Eneabba Gas Limited (ASX: ENB) dated 21 January 2011, released to the ASX after close of trading last Friday.

Contemporaneous to this announcement, Cougar Energy received without prior notice, a letter from Eneabba Gas alleging repudiation by Cougar Energy of the Terms Sheet between the Company and Eneabba Gas entities.

Cougar Energy does not accept this allegation and is disappointed that Eneabba Gas has taken the steps it did on Friday. Cougar Energy is presently taking legal advice and will advise the market of further developments in due course.

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#### About Cougar Energy Limited

Cougar Energy Limited (ASX: CXY) is an Australian company at the forefront of progressing the development and commercialisation of Underground Coal Gasification (UCG) projects, using proven technology.

The UCG process converts coal in-situ into a synthesis gas ("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 at Kingaroy in central Queensland.

Cougar Energy is working in Australia on potential UCG projects on its coal lease at Wandoan in the Surat Basin, in Western Australia and in Victoria.

Cougar Energy is also developing additional projects internationally in the People's Republic of China and through Cougar Energy (UK) Limited (47.8% owned).

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