



## MEDIA RELEASE

16 July 2010

### **Cougar Energy has identified laboratory reporting discrepancy from tests on Kingaroy monitoring wells**

Cougar Energy Limited has received incorrect laboratory results from water bore tests taken in association with the Company's Kingaroy Underground Coal Gasification (UCG) pilot project in Queensland.

This follows an announcement by Queensland's Department of Environment and Resource Management (DERM) that it will order Cougar Energy to keep its Kingaroy UCG plant closed until the Government is assured that groundwater resources are protected.

DERM's decision followed a result from a bore sample taken by the Cougar Energy under the Company's voluntary testing program, which it undertakes in addition to monthly water bore tests conducted under Government regulated procedures by an independent firm, Golder Associates.

"We have now been advised in writing today by the independent testing laboratory that the result from this one sample was incorrect," Cougar Energy's Managing Director, Dr Len Walker, said today.

"Further, and prior to DERM's announcement and its decision on Kingaroy, we advised DERM that a subsequent test sample taken one week later and submitted by Golder Associates from the same water bore generated a clean (zero) reading, free of contaminants," Dr Walker said.

"Cougar Energy is confident that a full investigation into the discrepancy in the laboratory results will confirm that the Company has been conforming with Government requirements and that a reading submitted in good faith by Cougar Energy and which resulted in this sudden DERM shut-down decision, is incorrect."

Cougar Energy executives are this afternoon meeting with DERM to advise of the laboratory results discrepancy and will be presenting DERM with a written admission by the independent laboratory regarding the incorrect results. Cougar Energy will also produce results to verify that the last two monthly sampling tests conducted by Golder Associates showed no trigger levels of contaminants.



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“DERM is currently undertaking its own extensive tests of the Kingaroy water bores and we expect those results to be available to DERM by Monday 19 July 2010” said Dr Walker.

“We look forward to the correct readings from the DERM tests and to the Department enabling Cougar Energy to continue with its innovative UCG pilot plant and power station project.”

Cougar Energy will update the market with additional information as more results are available from its independent investigation and when DERM’s own results are available.

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