

5 October 2010

### Funding update

**Cougar Energy Limited** (ASX: CXY) advises that, since its last funding update to the ASX on 17 September 2010, it has raised further funds of A\$ 159,050 (before transaction costs) in a series of additional “special advances” under the Yorkville Facility.

This completes the special advances available under the Facility with the sale by Yorkville of all of the 30,000,000 Cougar Energy shares placed in the escrow account under a share lending agreement.

The Company raised a total of A\$ 1,148,560 (before transaction costs) through the special advances.

Cougar Energy continues to have access to an additional A\$ 9,900,000 in funding under the Yorkville Facility, subject to the Facility’s terms and conditions.

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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 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.

CXY also owns the lease for a second Queensland UCG project at Wandoan 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 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)