



COUGAR ENERGY LIMITED

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COUGAR ENERGY RAISES \$2.1M FOR UCG DEVELOPMENT

Cougar Energy Ltd (ASX Code: CXY) is pleased to advise that it has received commitments for the placement of 30 million shares at a price of 7 cents per share, with a 1:2 attaching option exercisable at 5c by 31 December 2008, raising a total of \$2.1m before costs associated with the placement. The placement was arranged by Melbourne Capital Ltd to sophisticated and professional investors under the 15% placement limit, and in so doing, the Company welcomes a number of new institutional investors to the Share Register.

The funds raised will be used primarily to advance Cougar Energy's Underground Coal Gasification (UCG) project near Kingaroy in Queensland. The UCG process enables deep coal deposits to be converted into a syngas suitable for use as a fuel in power generation or the manufacture of a range of petroleum products.

Cougar Energy is now planning a multi-stage drilling program to extend data on the coal seam outside the current area of drilling, to recover core samples of both coal seam and surrounding rocks and undertake hydrogeological testing, and to install and test the first three injection/production wells. This planning process is being undertaken in association with the Company's UCG technology provider, Ergo Exergy Technologies Inc. of Canada. Successful completion of this work program will lead to ignition of the burn, which at this stage is anticipated to commence in March/April 2008.

The planned work program will require expenditure sufficient to take Cougar Energy's interest in the Designated UCG Area on EPC 882 from its current 51% to 70%, at which time a formal Joint Venture agreement between the Company and Metallica Minerals Ltd will come into operation.

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