



3 April 2009

**COUGAR ENERGY RAISES \$4.2 MILLION TO ADVANCE
UNDERGROUND COAL GASIFICATION PROJECTS**

Cougar Energy Ltd (ASX Code: CXY) is pleased to advise that it has received commitments for the placement of 70 million shares at a price of 6 cents per share, raising a total of \$4.2m before costs associated with the placement. The placement was arranged by Melbourne Capital Limited to institutions and sophisticated investors under the 15% placement limit.

The funds raised will be used primarily to advance Cougar Energy's Underground Coal Gasification (UCG) project near Kingaroy in Queensland, specifically for the construction of the UCG Pilot Plant facility due to commence operations later this year. Additional work will also be undertaken on expanding the resource base for the Company's proposed 400MW power project at Kingaroy, and on the Company's Wandoan coal lease in the Surat Basin.

Over the past 12 months, Cougar Energy has progressed its Kingaroy project by:

- grant of MDL 385 and completion of UCG site characterisation work, with installation of the first three process wells to start within two weeks
- manufacture of major plant items for the gas processing plant to be associated with the production of UCG gas
- completion of studies related to the selection of the gas turbine system for the commercial scale power project, and market studies to provide projections of future electricity pricing

Cougar Energy has also completed an initial drilling program on its 100% owned EPC 1118, which abuts an adjacent lease EPC 1134, to which access has been gained following agreement with the holders Cockatoo Coal Ltd. The combination of EPC1118 and EPC1134 forms a very large target area for UCG exploration, for which a potential target of 800m tonnes is considered realistic. The Company considers this to be the location for a second large UCG project in Queensland following project commercialisation at Kingaroy.

Media contact:

Dr Len Walker
Managing Director, Cougar Energy
Tel: 03 9909 7200
Mob: 0419 587 306

John Field
Field Public Relations
Tel: (08) 8234 9555

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