Cougar Energy

The New Power in Australia.

- Cleaner energy.
- Low cost energy.
- Efficient resource utilisation.

Presentation at Mining 2009 Resources Convention
Brisbane, 28 October 2009

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The information as it relates to coal resources in this Presentation is based on information compiled by Mr. Garry Leblang who is a Fellow of the Australian Institute of Mining and Metallurgy. Mr. Leblang is employed by Himap Pty Ltd., trading as Coal Search Consultants. Mr. Leblang has in excess of five years experience, and therefore sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 edition of the “Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Leblang consents to the use of the resource figures in the form and context in which they appear in this Presentation.
Cougar Energy Limited will become Australia’s Underground Coal Gasification (UCG) leader ...

... it is focused on the commercial development of reliable, low cost and efficient base load power from proven coal gasification technology
Cougar’s Energy has a consistent development strategy

- utilise the world’s best commercial UCG technology under licence agreement
- identify suitable commercial UCG tenements by applying consistent criteria
  \[ \Rightarrow \text{depths 150-400 metres, commercial at scale, 30+ years project life} \]
- conduct detailed technical and financing feasibility work (bank model)
- build Australia’s first UCG project of commercial scale for electricity generation
- replicate this flagship development in future projects
- investigate the economics of other UCG applications
- design all projects to enable carbon capture
- build strong staff talent

\[ \Rightarrow \text{generate shareholder returns through capital growth and dividends} \]

... distinct differentiators ...
KINGAROY, QUEENSLAND (CXY: 100%)

- Current JORC resource = 73 Million tonnes (28 million indicated and 45 million inferred as announced June 2008)
- Resource expansion planned
- Commercial project underway

WANDOAN, QUEENSLAND (CXY: 100%)

- Current JORC resource = 341 Million tonnes (34 million indicated and 307 million inferred as announced August 2009)
- Commercial project potential

SOUTH GIPPSLAND, VICTORIA

- Exploration target = 800-1,200 Million tonnes §
- Joint venture proposal

§ The exploration target is based on estimates from previous drilling programs – these estimates cannot be classified as mineral resources or ore reserves: the potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource – it is uncertain if further exploration will result in the determination of a mineral resource.

... located in basins rich with coal resources
Kingaroy Field Work
- grant of MDL 385 and attached “Mineral f” – 100% control of tenement
- JORC Resource of 73 Million tonnes of coal (28 million indicated and 45 million inferred)
- initial process wells installed: air linkage testing successfully concluded

Kingaroy Pre-production Plant
- plant design complete (including gas cleaning facility – Australian first)
- manufacture of main plant items complete
- site works commenced 2 September 2009 – 50% complete

Kingaroy 400MW Power Plant
- turbine selection and cost study complete
- power market and future pricing study complete
- preliminary financial evaluation complete (model development continues)

Surat Basin (Wandoan)
- JORC Resource of 341 Million tonnes of coal (34 million indicated and 307 million inferred)
- access to all Cockatoo Coal tenements for UCG potential

Victoria (South Gippsland)
- coal target areas selected and JV negotiations commenced
KEY FUTURE MILESTONES

To 30 June 2010:

**Kingaroy**
- complete pre-production plant construction
- connect power to site, commission plant
- ignition (Jan/Feb), gas and plant evaluation
- commence bank feasibility study

**Wandoan**
- commence pre-feasibility for site utilisation
- execute new JORC drilling campaign

**Sth Gippsland**
- complete JV with Ignite Energy Resources
- commence drilling program

... strong commercial potential as milestones reached
UCG is a global energy alternative to solve the current challenges in the energy sector

- **Cleaner energy**  
  lower emissions intensity – 25% less than conventional black coal-fired power stations

- **Cheaper energy**  
  up to 50% cheaper cost of gas generation (as feedstock) than natural gas

- **Efficient resource utilisation**  
  ca. 75% energy content of coal is retrieved in UCG process vs. ca. 5% in the coal seam gas process

- **Minimal mining impact on the environment**  
  safest method of extraction with no open cut or underground mining, minimal ground disturbance and waste water production

**The New Power in Australia**
TECHNOLOGY

THE NEW POWER IN AUSTRALIA

• Proven commercial UCG technology (Ergo Exergy Technologies Inc.)

... efficient extraction of coal energy
414 million tonnes resource (34 million indicated, 307 million inferred)

- 341 million tonnes resource (34 million indicated, 307 million inferred) *
- 73 million tonnes resource (28 million indicated, 45 million inferred) *
- minimum 30 years project life

* as announced August 2009

* as announced June 2008

... flagship commercial project
• Project located ten kilometres south of township
• No overlaying tenement issues under the Petroleum and Gas Act
• “Mineral f” recently attached to MDL 385
• Coal contained in two seams – depths of 130 – 300 metres with suitable thicknesses
• Resource life 30 years: further drilling scheduled to the north of the tenement
KINGAROY POWER PLANT

- 400 MW base load facility
- Built in 2-3 modules
- No overlapping tenement issues
- Long life – minimum 30 years
- Proximity to power grid
- To be backed by long term electricity off-take agreements and plant performance guarantees
- Design to be CO₂ separation ready

... flagship commercial project with attractive returns
Construction as at 22 October 2009
Located in the coal rich Surat Basin in Queensland
- Cougar controls EPC 1118 (no tenement overlaps)
- Initial drilling program concluded: new 341 Million tonnes JORC resource (34 million indicated and 307 inferred) on EPC
- Rights to coal below 150 metres in depth in the adjacent Cockatoo Coal tenements (marked in grey): drilling data confirms coal seams at those depths
- Project options under evaluation

... significant resource upside
- Finalising a Joint Venture Agreement with Ignite Energy Resources in EL 4416 in South Gippsland
- Target resources identified in 419 square kilometres region at depths between 100-700 metres
- Significant drilling and in situ testing to follow
- UCG lower emissions technology will be welcomed in Victoria – the State is heavily reliant on old brown coal fired power stations with high CO₂ emissions
- Exploration target: 800 - 1,200 million tonnes §

§ see explanation note on page 5

... lower emissions project for Victoria
Financial model has been built for the Kingaroy Power Plant Project: base case forecasts robust returns at Stage 1 (186 MW gross):
- estimated capital cost AUD 305 Million
- cash flow positive from year 1
- project pay-back 7.1 years after production commences
- estimated annual cash available to equity:
  - Year 5  AUD 29.1 Million
  - Year 10  AUD 34.2 Million
- IRR: 18.3%

Investors can value Cougar Energy on a combination of the future cash flows from Kingaroy + substantial growth potential of its resources and other development projects.

Published research available from Patersons (Australia) and Arrowhead BID (New York): see www.cougarenergy.com.au (go to “Analysts Reports”)

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Australia’s leader in Underground Coal Gasification (UCG)

- utilising the world’s leading commercially proven technology
- largest commercialisation of UCG technology in Australia
- Kingaroy 400 MW long life base load power station
- low cost and efficient electricity generation provides attractive long-term investment returns
- reduced emissions – cleaner coal based energy
- several long life projects under development
- undervalued company with strong long term returns

... cleaner and cheaper energy
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