

Cougar Energy

The New Power in Australia.

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



Presentation at Mining 2009 Resources Convention

Dr Len Walker Managing Director

Brisbane, 28 October 2009

DISCLAIMER



THE NEW POWER IN AUSTRALIA

The views expressed in this Presentation are based on information derived from Cougar Energy Limited's own internal sources and from publicly available sources that have not been independently verified by Cougar Energy Limited. No representation, warranty or undertaking, express or implied, is made or given by Cougar Energy Limited or any of its officers or employees as to the fairness, accuracy, completeness or reliability of that information. This Presentation should not be relied upon as a recommendation or forecast by Cougar Energy Limited. Any recipient of this Presentation is responsible for conducting their own due diligence and other enquiries as well as making their own credit analysis and their own independent assessment of the information provided herein. Any decision to rely on the information contained in this Presentation is the sole responsibility of the recipient of this document and Cougar Energy Limited will not be responsible for any loss incurred by the recipient as a result of any actions taken by them relying on the information herein.

All estimates and projections in this Presentation are illustrative only and are based on the assumptions described herein. Cougar Energy Limited's actual results may be materially affected by changes in economic or other circumstances which cannot be foreseen. Nothing in this Presentation is, or should be relied upon as, a promise or representation either as to future results or events or as to the reasonableness of any assumption or view contained herein (whether express or implied).

Cougar Energy Limited has developed an initial financial model of the Kingaroy power station project, which will undergo review during a banking feasibility study, and is therefore subject to change. The model currently indicates that the Kingaroy is capable of producing free cash flows after assumed debt servicing. The Board and senior management will review and approve the final version of the financial model during the bankable feasibility study.

This Presentation contains forward-looking statements regarding future events and the future financial performance of Cougar Energy Limited. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Cougar Energy Limited, and which may cause actual results to differ materially from those expressed in the statements contained in this Presentation. The development of and timetable for the construction and commissioning of Cougar Energy Limited's proposed power plant at Kingaroy is dependent on the confirmation of Queensland Government approval of underground coal gasification technology and Cougar Energy Limited's program of commercial development.

Nothing in this Presentation should be construed as either an offer to buy or sell or a solicitation of an offer to buy or sell Cougar Energy Limited securities. This Presentation is not a prospectus or other regulated disclosure document required to be lodged with the Australian Securities and Investments Commission (ASIC) or with any other regulator located in any jurisdiction outside Australia. Consequently, it does not contain all the information which would be required to be contained in such a prospectus or disclosure document such as, for example, details of the assets and liabilities, financial position, profits and losses and prospects of Cougar Energy Limited. The material provided in this Presentation is provided for the information of recipients and does not constitute an invitation or inducement to such persons to enter any investment activity relating to Cougar Energy Limited securities. Cougar Energy Limited has not considered the objectives, financial position or needs of any recipient. The recipient should obtain and rely upon their own professional advice from their tax, legal, accounting, financial and other professional advisors in respect of the recipient's objectives, financial position or needs before making any investment decision based on information contained in this Presentation.

This Presentation is provided on a strictly private and confidential basis to be used solely by the recipient. Neither this Presentation nor any of its contents may be reproduced or used for any other purpose without the prior written consent of Cougar Energy Limited. In accepting this Presentation, the recipient agrees that it is provided solely for its use in connection with providing background information on Cougar Energy Limited and that it is not to be used for any other purpose.

Should a security described in this Presentation be denominated in a currency other than the recipient's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the security.

Neither this Presentation nor any of its contents is represented to comply with nor is to be construed to comply with any of the legal requirements in any jurisdiction outside the Commonwealth of Australia in respect of an offer to buy or sell or a solicitation of an offer to buy or sell Cougar Energy Limited securities.

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 which 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
⇒ *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

➡ 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

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

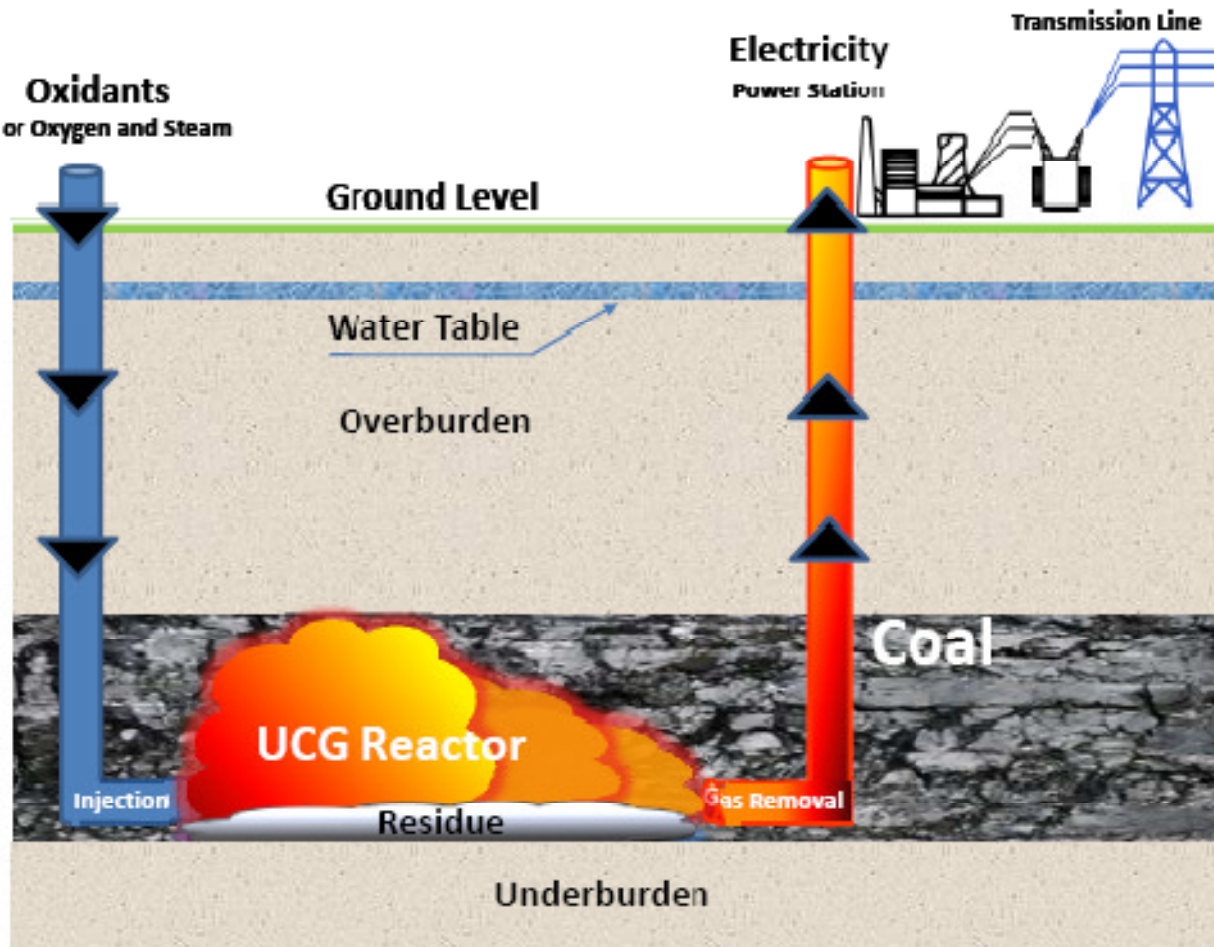
Efficient resource utilisation ca. 75% energy content of coal is retrieved in UCG process vs. ca. 5% in the coal seam gas process

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



- Cleaner energy
- Cheaper energy
- Efficient resource utilisation

The New Power in Australia



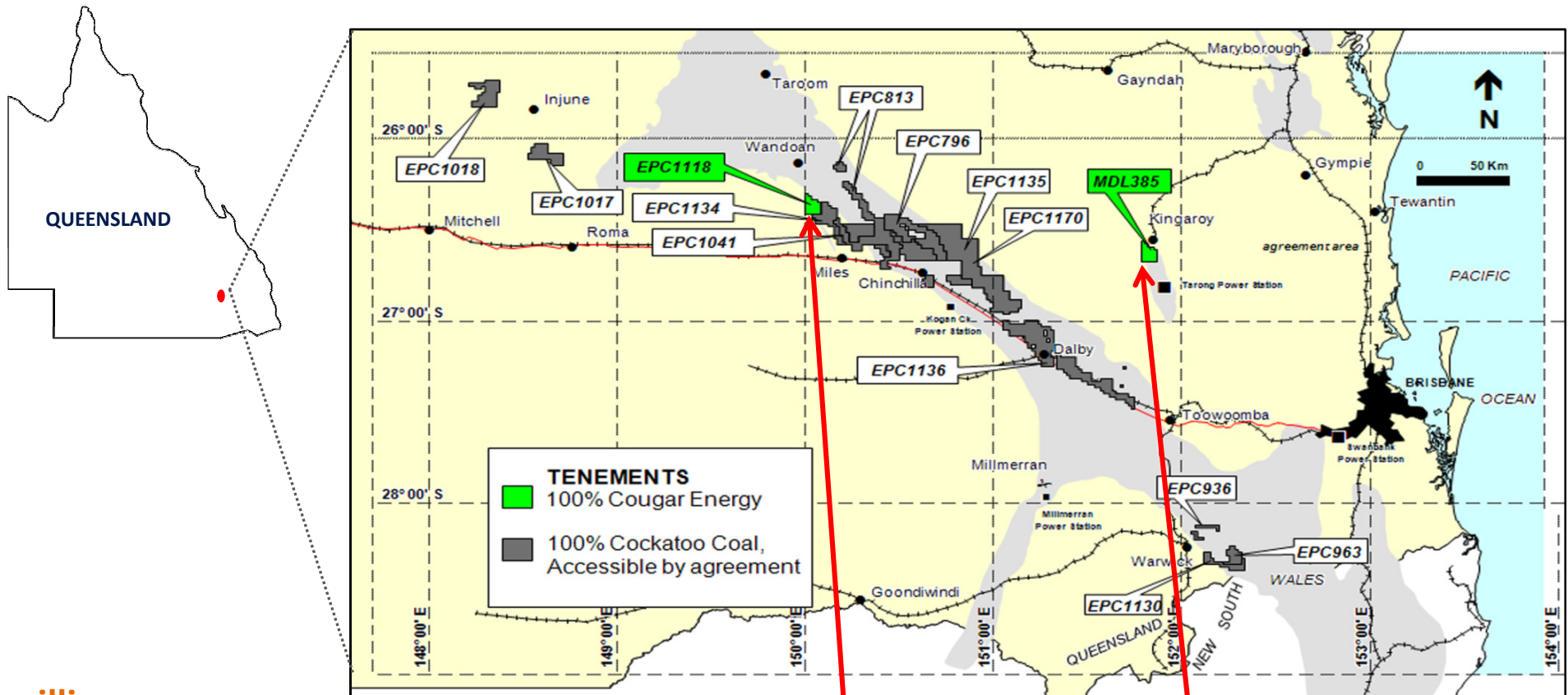
- Proven commercial UCG technology (Ergo Exergy Technologies Inc.)

... efficient extraction of coal energy

KINGAROY & WANDOAN

COUGAR ENERGY

THE NEW POWER IN AUSTRALIA



414 million tonnes resource
(34 million indicated, 307 million inferred)



- **341 million tonnes resource** (34 million indicated, 307 million inferred) *

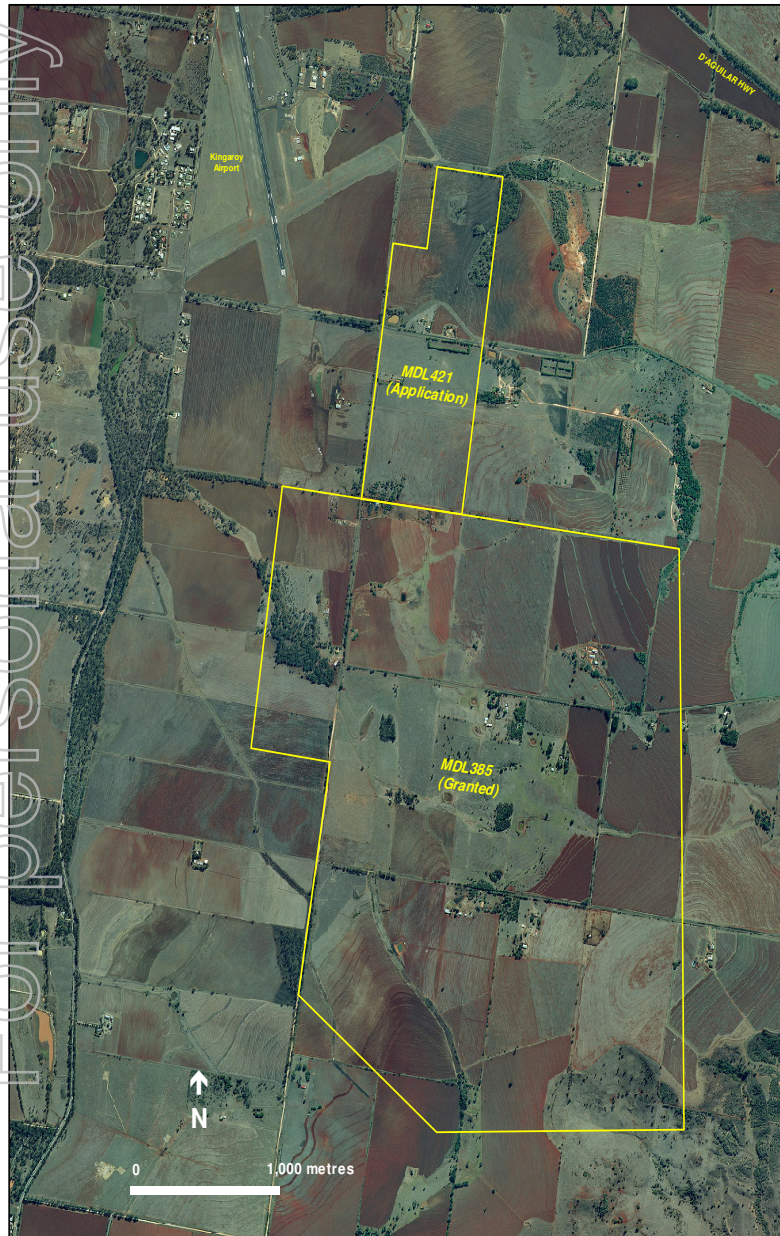
* as announced August 2009

- **73 million tonnes resource** (28 million indicated, 45 million inferred) *

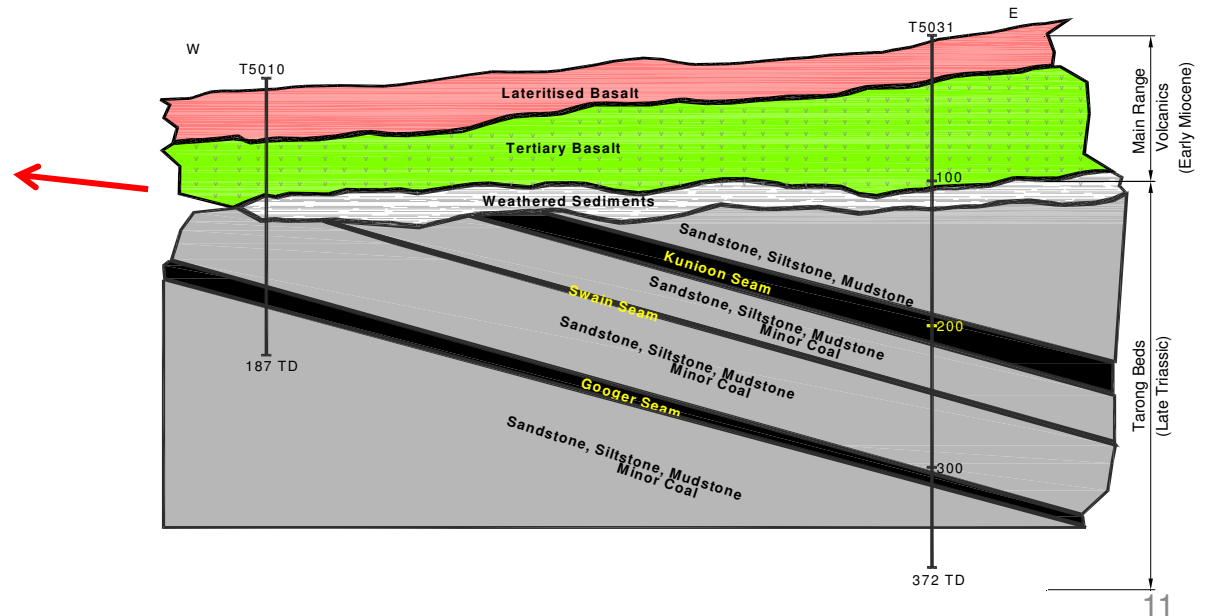
- minimum **30 years project life**

* 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

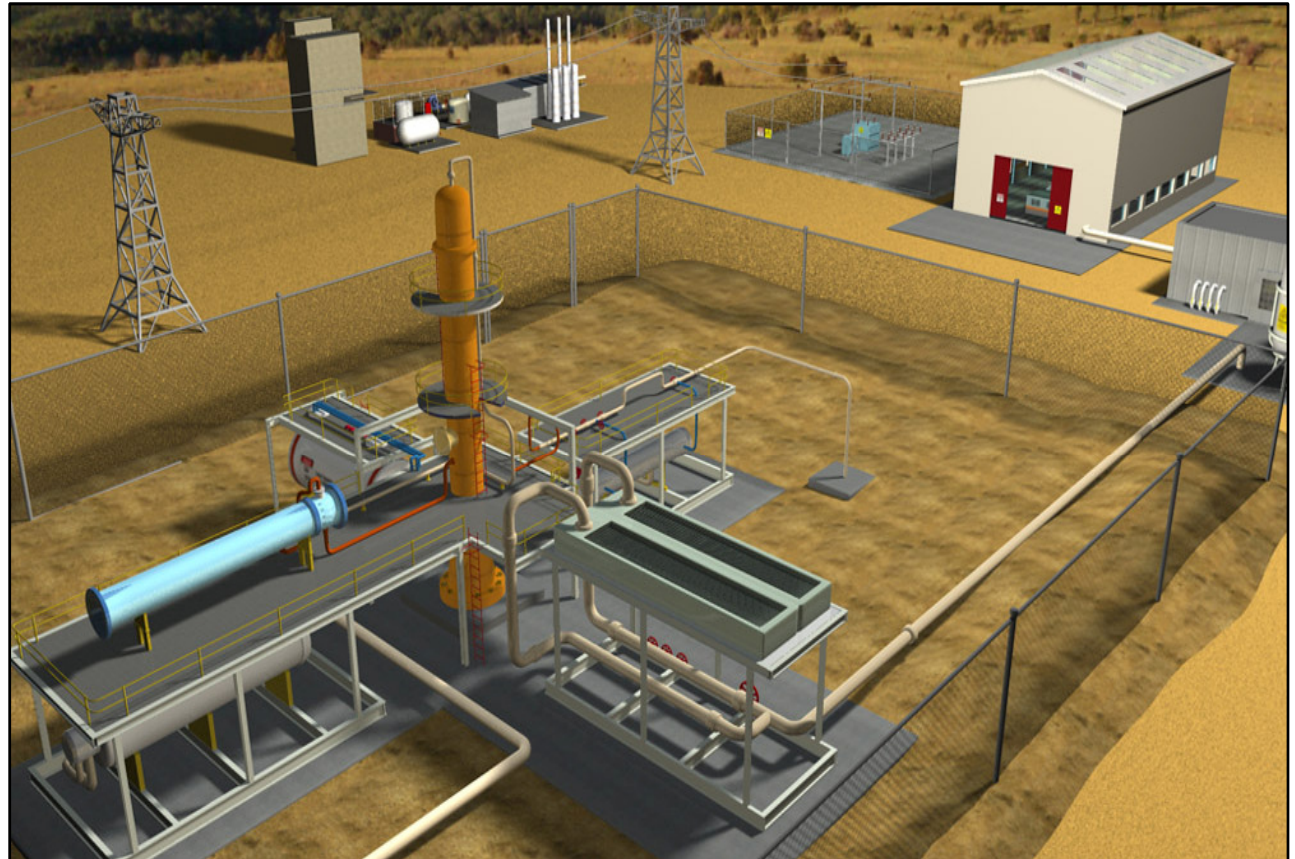


KINGARROY POWER PLANT



THE NEW POWER IN AUSTRALIA

- 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

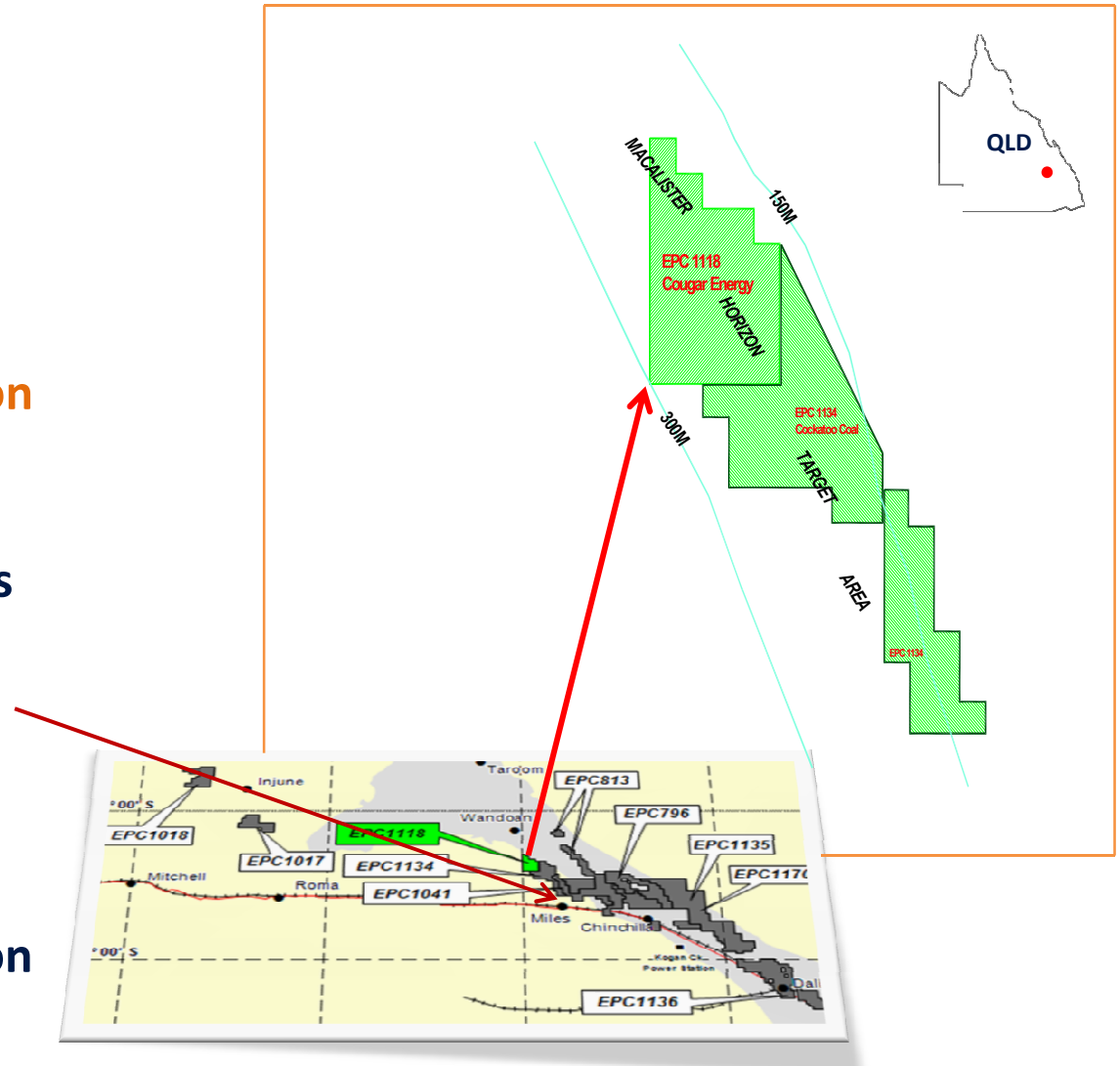


WANDOAN - QUEENSLAND



THE NEW POWER IN AUSTRALIA

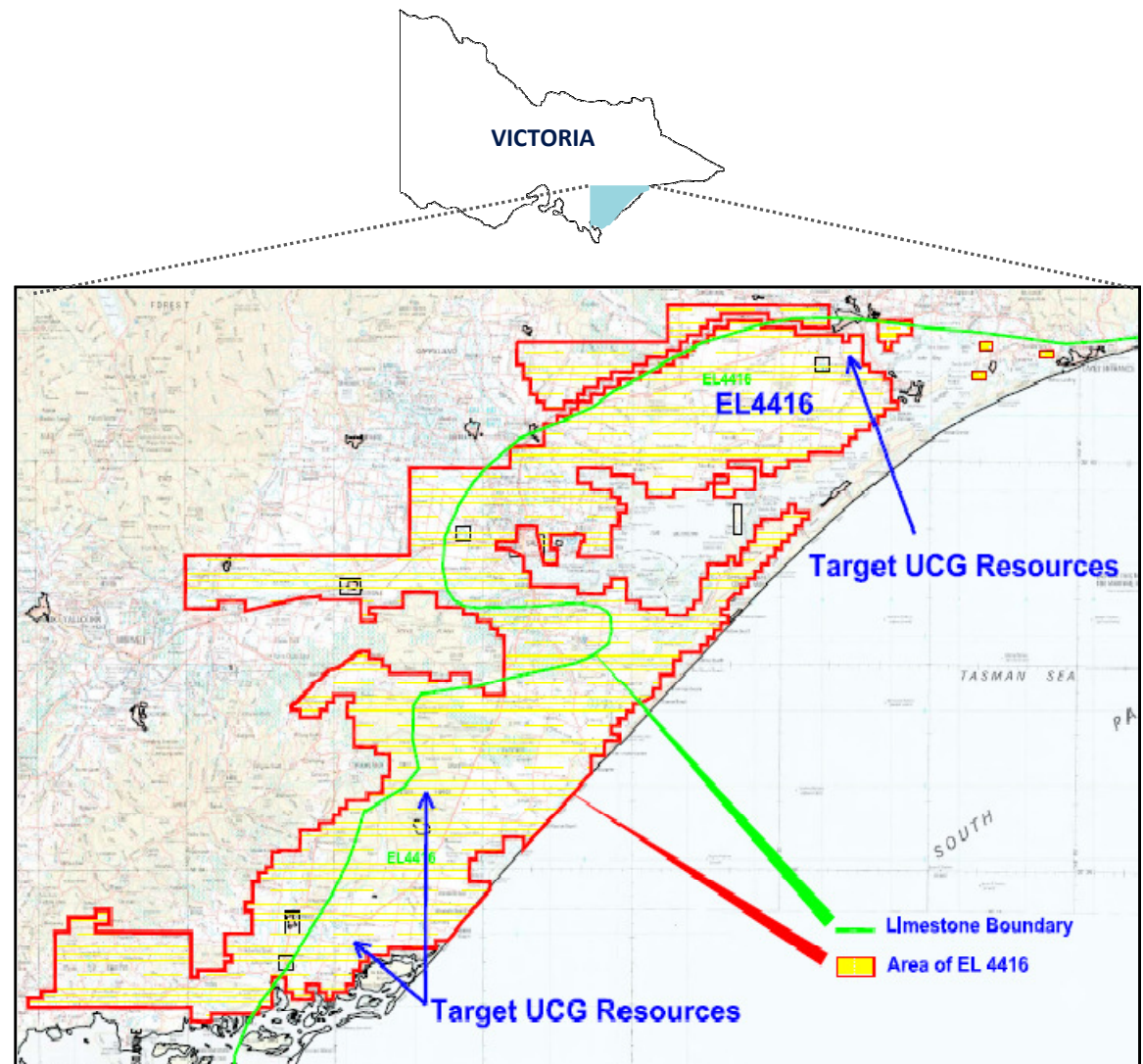
- Located in the coal rich Surat Basin in Queensland
- Cougar controls EPC 1118 (no tenement overlaps)
- Initial drilling program concluded: **new 341 Million tonnes JORC resource (34 million indicated and 307 inferred) on EPC**
- Rights to coal below 150 metres in depth in the adjacent Cockatoo Coal 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”)

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

CONTACTS



THE NEW POWER IN AUSTRALIA

Dr Len Walker

Managing Director and Chief
Executive Officer

Mobile + 61 (0) 419 587 396

len.walker@cougarenergy.com.au

Brad Glynne

General Manager – Corporate
Finance (and Investor Relations)

Mobile + 61 (0) 447 774 009

brad.glynne@cougarenergy.com.au

Cougar Energy Limited

ABN 75 060 111 784

Suite 1002, 530 Little Collins Street,
Melbourne, Victoria 3000

AUSTRALIA

www.cougarenergy.com.au

For personal use only