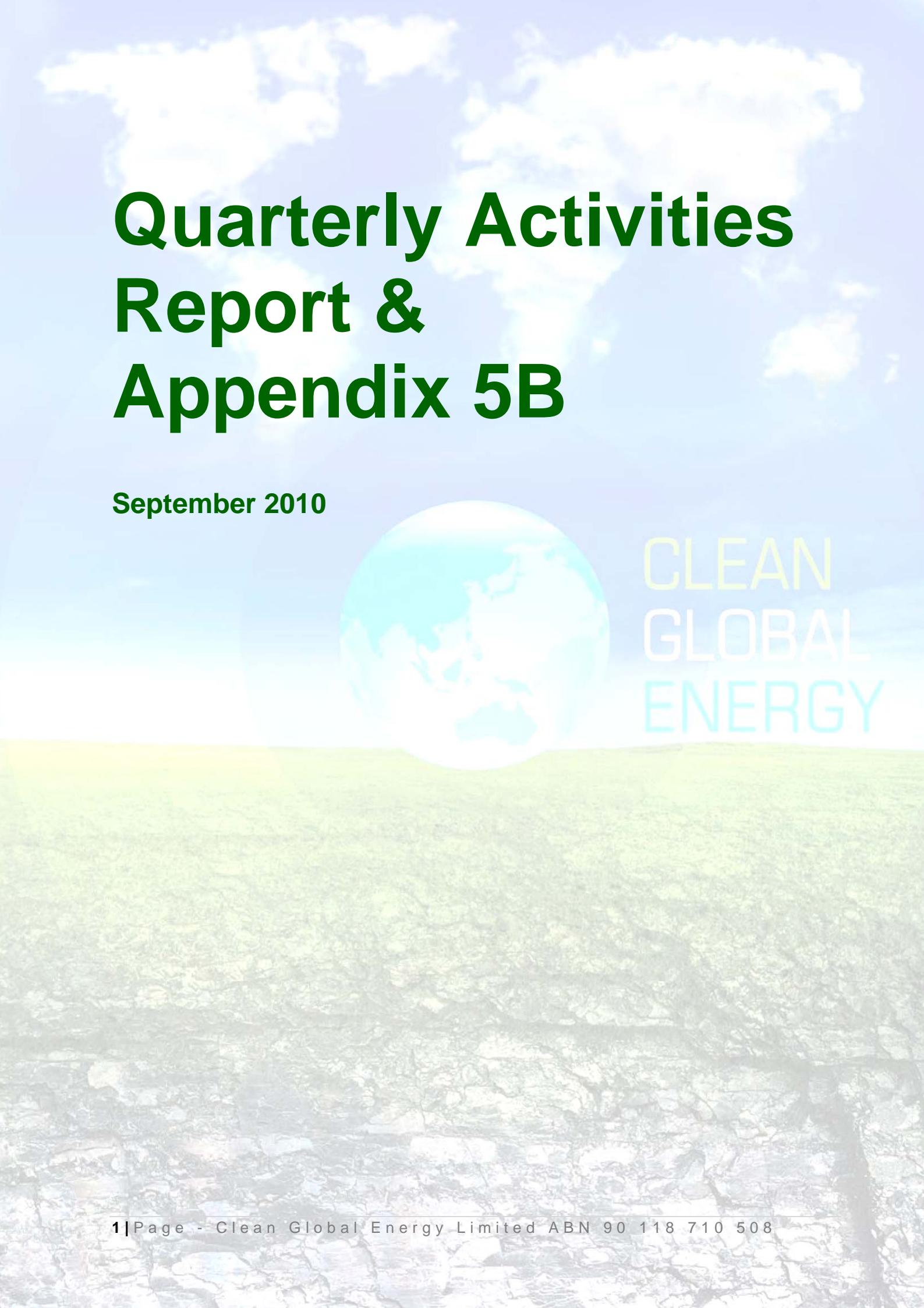


# Quarterly Activities Report & Appendix 5B

September 2010



CLEAN  
GLOBAL  
ENERGY

# Corporate Details

Clean Global Energy Limited | ABN 90 118 710 508 | And its controlled entities.

## Quarterly Report for the period ended 30 September 2010

### **DIRECTORS**

Mr. John Harkins – Chairman and CEO  
Dr. Michael Green – Technical Director  
Mr. Domenic Martino – Non Executive Director  
Ms. Alison Coutts – Non Executive Director  
Mr. Paul Hubbard – Non Executive Director

### **COMPANY SECRETARY & GENERAL COUNSEL**

Mr. Andrew Whitten

### **CHIEF FINANCIAL OFFICER**

Mr. Wayne Rossiter

### **REGISTERED AND PRINCIPAL OFFICE**

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### **SHARE REGISTRY**

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770 Canning Highway  
APPLECROSS WA 6150

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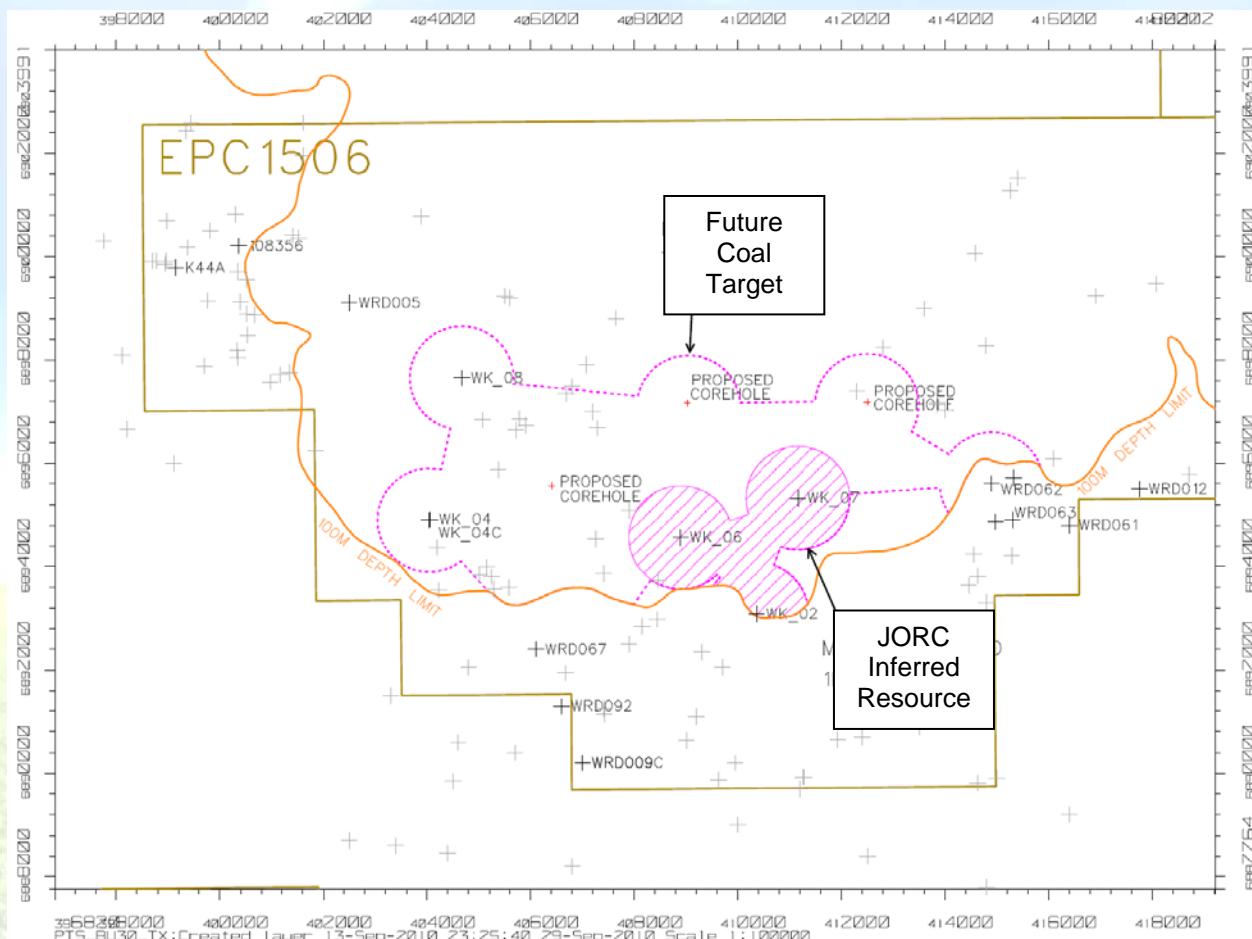
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# Highlights for the Quarter

## Corporate Highlights

### 1. Initial JORC Resource (EPC 1506)

Clean Global Energy announced a JORC Inferred Resource of 38 million tonnes (Mt), confirmed by independent geologists GeoConsult Pty Ltd, following the completion of the company's drilling within EPC 1506. EPC 1506 is located about 18km north-east of Warwick, Queensland. The figure below shows the JORC Inferred Resource covers an approximate area of 8.2km<sup>2</sup>.



The 38Mt JORC Inferred Resource is from the Bulwer Coal Seam which is approximately 3.2m thick. The Bulwer Seam was correlated in detail using a five ply model (BU 31-35), showing the seam is continuous and can be correlated across 8.2km<sup>2</sup>.

A secondary target, namely the Condamine Coal Seam, has also been identified and correlated across much of EPC 1506. This seam has been intersected in several drill holes at depths approximately 100m deeper than the Bulwer Coal Seam. The Condamine Coal Seam intersections have been typically greater than 5m thick,

however, at this stage it has been excluded from the resource and target coal estimates.

The JORC Inferred Resource estimate of 38Mt is considered to be conservative, and solely based on the continuous Bulwer Coal Seam. Significantly, Clean Global Energy has been advised that drilling an extra three core holes could result in the target tonnage being expanded to between 150-183 Mt excluding the Condamine Coal Seam.

## **2. CGE accepts a Carbon Price for Australian Projects**

Board Chairman and CEO, John Harkins, spoke as part of a panel discussion on the topic of the future of coal at the Australian Financial Review's National Energy Conference in Sydney on September 15.

The conference examined Australia's energy future in the absence of a carbon pollution reduction scheme and with a newly elected federal government.

Mr Harkins said the use of fossil fuels like coal would continue and agreed with the reported statement by new federal Climate Change and Energy Efficiency Minister, Greg Combet, that coal is here to stay. He quoted national energy market figures listing coal as providing 85% of Australia's energy needs, 8% came from gas, 5.5% from hydro and 1.3% from wind.

However, Mr Harkins said the electricity industry needed to encourage use of cleaner coal technology.

"While I take on board a lot of things Michael Fraser from AGL is doing, generally, I think the electricity industry has had an easy ride in terms of the reliance on coal-fired power stations," Mr Harkins said. "I think the electricity industry over the last 30 years has not encouraged investment in cleaner coal technology."

Mr Harkins said Clean Global Energy has a future in providing cleaner coal technology solutions for Australia and globally, enabling coal to remain the original energy source for power stations.

He also said a carbon price in Australia was inevitable and would give certainty to the industry. "It will give traction to companies like us because of the much reduced carbon footprint that our technology application produces."

"We've been denied that traction in the markets for some considerable time. A carbon price will enable us to take our proper place at the table in terms of contributing in a much cleaner way to energy production in Australia, a much cleaner way of utilising coal."

Edited video highlights of Mr Harkins's presentation at the conference is available from Clean Global Energy's website in the News section, under Media Interviews/Boardroom Radio.

### **3. MOU with Nagarjuna Fertilisers to develop UCG projects in India**

Clean Global Energy Limited received an invitation to collaborate with Hyderabad-based Nagarjuna Fertilisers and Chemicals Ltd, to participate in the development of UCG projects in India.

Conditions for UCG in Indian lignite blocks are similar to those in the coal tenements held by CGE in Victoria, and CGE would apply similar site selection methods in India to those already developed in Australia.

Accordingly, CGE has proposed a Memorandum of Understanding (MOU) to work with Nagarjuna to formalise a relationship to procure UCG blocks to develop, construct, commission and operate a UCG Plant to produce Syngas to use as feedstock for power generation and other uses.

CGE's primary role would be to deliver and operate a Pilot and subsequent Commercial UCG Plant.

Under the MOU, CGE would work with Nagarjuna, which includes a licensing agreement if one or more of the UCG blocks are granted to Nagarjuna or its nominees, to submit a bid to Rajasthan State Petroleum Corporation Ltd for off-take of UCG Syngas.

### **4. China Joint Venture Update**

CGE is still in discussions regarding funding of its joint venture in China. Progress in China overall has been slower than CGE's management expected, however this has more to do with the often protracted process of doing business in China than the project itself. CGE's management remains highly confident of a successful outcome from these ongoing negotiations.

The modular plant design and configuration of the UCG reactors has been predominantly completed as well as geological and hydrological studies. Upon finalising Stage 1 financing of the project we will move forward to finalise all necessary government approvals.

The term of our MOU with CECIC announced on 19 August 2009 has expired however, discussions have continued since the expiry of the MOU.

CGE has been actively pursued by a number of Chinese companies to undertake UCG projects as its business profile in China rises. These discussions are at various levels and are very positive, however the timing of any formal agreements, or results from, these discussions is still unknown.

# Operations

## 5. Coal Resources

A summary of Clean Global Energy's coal tenements are as follows:-

Tenement	State	Area (sq km)	Project Name	Status
EPC1507	QLD	490	Biloela	Granted
EPC1751	QLD	148	Capella	Granted
EPC1508	QLD	429	Leyburn	Granted
EPC1506	QLD	48	Maryvale	Granted
EPC1539	QLD	458	Maryvale2	Granted
EPC1864	QLD	682	Pumpkin Hill	Granted
EPC1745	QLD	166	Western Creek	Native Title
EL5270	VIC	938	Wonthaggi	Granted
EL5282	VIC	108	Bass Coast	Competing Application
EPC2004	QLD	202	Blair Athol	Competing Application
EPC1986	QLD	147	Cape River	Competing Application
EPC2006	QLD	55	Claremont	Competing Application
EPC2110	QLD	532	Cooyer Creek	Competing Application
EPC1612	QLD	77	Dalby	Competing Application
EPC2094	QLD	48	Glenrowan	Competing Application
EPC1748	QLD	336	Kumbarilla	Competing Application
EPC1978	QLD	61	Macalister	Competing Application
EPC1982	QLD	90	Macalister	Competing Application
EPC2027	QLD	147	Mantuan	Competing Application
EPC1861	QLD	183	Mt Hope	Competing Application
EPC1592	QLD	119	Mt Fort Cooper	Competing Application
EPC2095	QLD	55	Nine Mile	Competing Application
EPC2091	QLD	51	Parker Creek	Competing Application
EPC1637	QLD	192	Pentland	Competing Application
EPC2029	QLD	381	Wallumbilla	Competing Application
EPC2009	QLD	61	Washpool Lagoon	Competing Application
EPC1973	QLD	48	Woolcamp Lagoon	Competing Application
<b>Total</b>		<b>6,252</b>		

## 6. Underground Coal Gasification Plant Design

Clean Global Energy has now substantially completed the initial design and layout of the surface facilities of a modular Underground Coal Gasification plant that can be utilised on any of our designated UCG tenements. This initial design will form the basis of the configuration of customised site specific layouts which can be applied to any of our UCG projects.

This design work covers the above ground plant and equipment, including compressors, laboratory, control room, Syngas clean up plant, site offices, amenities, pipelines, flares, and storage facilities. The underground UCG reactors will be engineered on a project specific basis.

## **7. University collaboration to further research into applications of UCG**

Clean Global Energy Limited has entered into agreements with Australian and United States based universities to undertake further research into the technical and environmental applications of underground coal gasification and carbon capture and storage.

CGE will provide grants to the Australian Centre for Sustainable Mining Practices and the School of Mining Engineering, at University of NSW (UNSW) and the Colorado School of Mines (CSM) a state mining university in Golden, Colorado.

These universities will focus on the further development of CGE's advanced Linear CRIP UCG technology, in particular its application in deep coal seams where disused UCG cavities may be suitable for CCS. Other areas of focus will be on advanced water management techniques surrounding the UCG reactors and disused cavities, hydrology, low carbon emissions, and on-line support to control the UCG process in our future commercial operations.

CGE will bring the two schools together to formulate the research program, building on complimentary skills within both faculties, as well as forming a combined advisory panel to deliver research-backed information and support for CGE's commercial strategies and operations.

Commercial UCG activity is increasing globally in many areas around the world including Australia, New Zealand, North and South America, UK, Europe, Africa, India and China. CGE is fast becoming an internationally recognised UCG company with projects in some of these countries. Having leading universities, such as UNSW and CSM, providing research, development and support to CGE further enhances our international credentials as a leading, global UCG company.

## **Financial**

### **8. Expenditure**

Key expenditure for the quarter was on exploration and evaluation (\$693,000), development (\$309,000) and administration (\$764,000). Administration costs were higher than previous quarters as a result of a number of factors including increased travel related to new venture work, a reduction in administration related creditors in the quarter, \$140,000 in organisation growth costs, \$53,000 in insurance premiums paid, and \$15,000 in additional ASX fees relating to escrowed shares. Cash at the end of the quarter was \$1.4m.

### **9. Proposed Commitments**

Capital commitments for the next quarter are focused on completion of the payments related to the Queensland drilling and resource determination project as well as ongoing geological studies in Gippsland.

We also envisage our development expenditure in relation to new ventures to be approximately \$150,000 in the next quarter.

These proposed expenditures will be increased upon completion of a successful fund raising. This may be achieved by the disposal of non-core coal tenements or by an equity raising.

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CLEAN GLOBAL ENERGY LIMITED

ABN

90 118 710 508

Quarter ended (“current quarter”)

30 SEPTEMBER 2010

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (...12.... months) \$A'000
1.1	Receipts from product sales and related debtors	37	37
1.2	Payments for		
	(a) exploration and evaluation	(693)	(693)
	(b) development	(309)	(309)
	(c) production	-	-
	(d) administration	(765)	(765)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	28	28
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>		<b>(1,702)</b>	<b>(1,702)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	(8)	(8)
<b>Net investing cash flows</b>		<b>(8)</b>	<b>(8)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,710)</b>	<b>(1,710)</b>

	Total operating and investing cash flows (brought forward)	(1,710)	(1,710)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,710)	(1,710)
1.20	Cash at beginning of quarter/year to date	3,093	3,093
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,383	1,383

### **Payments to directors of the entity and associates of the directors**

### **Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	119
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Administration cost were higher than previous quarters as a result of a number of factors including increased travel related to new venture work, a reduction in administration related creditors in the quarter, \$140,000 in organisation growth costs, \$53,000 in insurance premiums paid, and \$15,000 in additional ASX fees relating to escrowed shares.

### **Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	150
<b>Total</b>	<b>400</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	54	54
5.2 Deposits at call	1,310	1,310
5.3 Bank overdraft	-	-
5.4 Other		
- Funds received pursuant to supplementary prospectus dated 24 September 2009 but shares not yet issued	-	-
- Security bond	19	19
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,383</b>	<b>1,383</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed		N/A		

6.2	Interests in mining tenements acquired or increased	EL5270	Granted 938km <sup>2</sup>	0%	100%
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### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference +securities (description)</b>	-			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	140,727,964	85,300,150		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities (description)</b>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7	<b>Options (description and conversion factor)</b>	2,735,417 791,667 125,000 125,000 1,250,000 375,000	- - - - - -	Exercise price \$0.40 \$0.40 \$0.60 \$0.80 \$1.00 \$1.00	Expiry date 30/11/2011 30/11/2011 30/11/2011 30/11/2011 31/08/2011 30/11/2011

7.8	Issued during quarter	-		
7.9	Exercised during quarter	-		
7.10	Expired during quarter	-		
7.11	<b>Debentures</b> (totals only)	-		
7.12	<b>Unsecured notes</b> (totals only)	-		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
(Managing Director)

Date: 29 October 2010

Print name: John Harkins



CLEAN  
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## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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