



CLEAN  
GLOBAL  
ENERGY

# September 2011 Quarterly Report & Appendix 5B

28 October 2011

## Highlights

- CGE announced a non-renounceable entitlement offer of options to raise approximately \$453,144.04 before issue costs.
- EPC 1748 was formally granted by the Queensland Mines and Energy, Department of Employment, Economic Development and Innovation in October 2011. Drilling for thermal coal is expected to start in the first half of 2012 subject to the conclusion of successful stakeholder negotiations.
- CGE continues to develop its proprietary UCG technology and evaluate suitable sites for UCG overseas, most notably in North America and India.
- CGE resolved its dispute with Mr Wayne O'Brien and his associated companies. Whilst the terms of the settlement are confidential, the settlement involved the completion of the convertible note liability to a company associated with Mr O'Brien, and full releases.

## Exploration – Australia

As of 30 September 2011, the Company's coal tenement package in QLD and VIC included 7 granted tenements covering an area of 2,559 km<sup>2</sup>, 4 priority applications over 1,159 km<sup>2</sup> and 4 competing applications over 1,190 km<sup>2</sup>.

Tenement	Project Name	Holder/Applicant	Area (sq km)	Status
EPC1506	Maryvale	Clean Global Energy Ltd	336	Granted
EPC1539	Maryvale2	Clean Global Energy Ltd	38	Granted
EPC1508	Leyburn	Clean Global Energy Ltd	343	Granted
EPC1751	Capella	Clean Global Energy Ltd	147	Granted
EPC1864	Pumpkin Hill	Clean Global Energy Ltd	674	Granted
EPC2210	Kooringa	Clean Global Energy Ltd	99	Granted
EL5270	Wonthaggi	Clean Global Energy Ltd	922	Granted
EPC1748	Kumbarilla	Clean Global Energy Ltd	280	Priority Application **
EPC1745	Western Creek	Clean Global Energy Ltd	166	Priority Application
EPC1861	Mt Hope	Clean Global Energy Ltd	182	Priority Application
EPC2110	Cooyar Creek	Clean Global Energy Ltd	531	Priority Application
EPC2372	Aramac Creek	Clean Global Energy Ltd	774	Competing Application
EPC1637	Pentland	Clean Global Energy Ltd	192	Competing Application
EPC1612	Dalby	Clean Global Energy Ltd	77	Competing Application
EPC2027	Mantuan	Clean Global Energy Ltd	147	Competing Application

\*\* Note: EPC 1748 was granted post 30 September 2011.

### Coal Tenements - Queensland

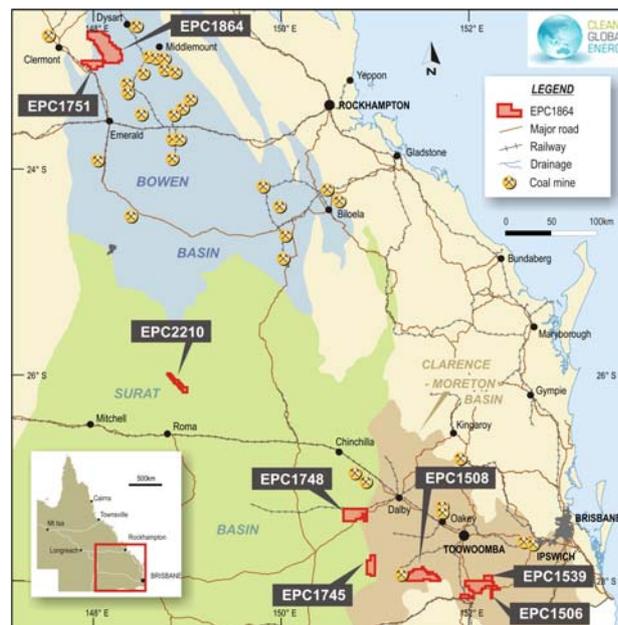
Initial exploration and analysis of historical work conducted over the tenements indicates the existence of prospective coals (mainly thermal) located at various depths to the surface. These tenements have enabled the Company to formulate and implement a business plan to further explore and assess the commercial feasibility of the tenements and if appropriate, exploit the tenements through conventional

underground coal mining, and if appropriate, develop future UCG projects. The Company is evaluating all tenements as part of its strategic review process.

EPC 1506, EPC 1508 and EPC 1539 within Queensland's portion of the Clarence Morton Basin, near the township of Warwick, are under review, awaiting clarification from the Queensland government on permitting for UCG projects. CGE has identified that the Bulwer Coal Seam in EPC 1506 has a JORC compliant inferred coal resource of 38 million tonnes\*, expandable to 178 million tonnes\* with a further 3 holes, and is potentially suitable for UCG.

Both EPC 1751 and EPC 1864 lie on the western side of the Bowen Basin, in central Queensland. EPC 1751 is 11km north of the township of Capella and EPC 1864 is about 30km southwest of the township of Dysart. Rail infrastructure exists at Capella and extends through the western part of EPC 1751. These Bowen Basin tenements are considered a high geological risk opportunity with large upside, and coal depths greater than 500m which may be of a Pulverised Coal Injection (PCI) quality. The Company will continue to seek joint venture partners to advance exploration on these permits.

EPC 2210 is located south east of Injune in central southern Queensland. The tenement lies over the basal parts of the Mid-Jurassic Injune Creek Group covering an area of approximately 99.0km<sup>2</sup>. However, the limited well data in EPC 2210 suggest that the tenement is located within the lower portion of the Walloon Coal Measures within the Surat Basin geological Stratigraphy. The position of the nearby Glen Arden, Pony Plains and Bymount coal deposits appear to be higher in the sequence.

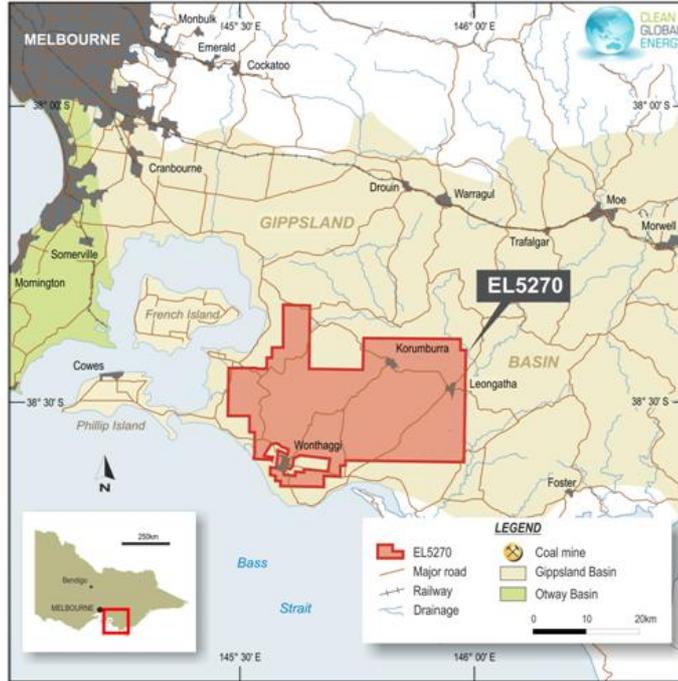


**CGE Queensland Tenements**

### Coal Tenements – Victoria

Coal tenement EL 5270 covers approximately 900km<sup>2</sup> in Victoria's Gippsland Basin and contains numerous exploration and other wells. It was granted to the Company in June 2010. There has been an extraction history of more than 16 million tonnes of black coal which would meet the Company's requirement for a UCG project. However, further exploration is needed to identify a resource size of black coal suitable for commercial UCG activities.

Based on desktop analysis by the Company, there is a lignite coal seam in the north east of the tenement that is 15m thick over an area of 15km<sup>2</sup> at depths from 30m to 60m. Given the geological complexity of these coals, the Board has suspended activity on this tenement to allocate exploration and development expenditure to coal tenements in QLD, and UCG opportunities in the USA and India.

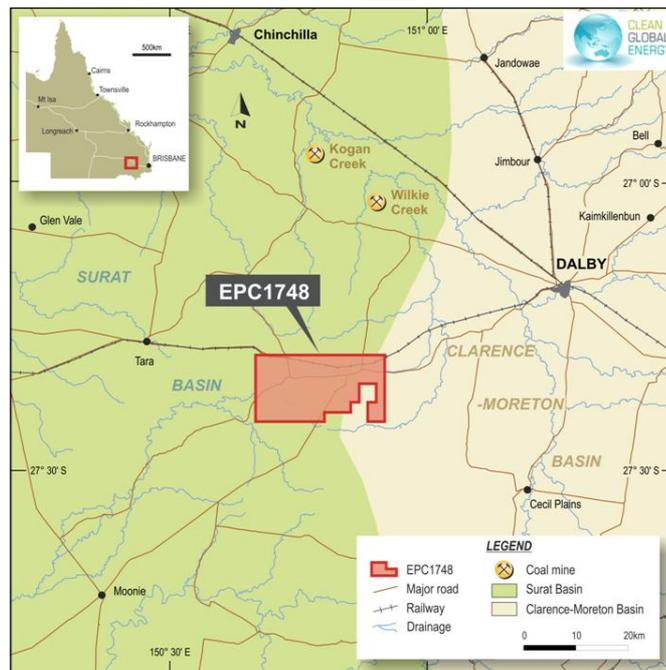


**CGE Victorian Tenement**

**EPC 1748 – Grant of Tenement**

CGE was advised that EPC 1748 was formally granted by the Queensland Mines and Energy, Department of Employment, Economic Development and Innovation on 11<sup>th</sup> October 2011.

The Company considers EPC 1748, covering an area of 280km<sup>2</sup> in Queensland’s Surat Basin, to offer the best potential for conventional thermal coal mining in its exploration portfolio. The Macalister coal seam which is part of the Juandah Coal Measures (upper Walloon sub-group) is considered to be the primary coal target. An initial drilling program of 3 to 4 holes to define an exploration target of up to 300\*\* million tonnes is expected to commence in the first half of 2012 after successful stakeholder negotiations.

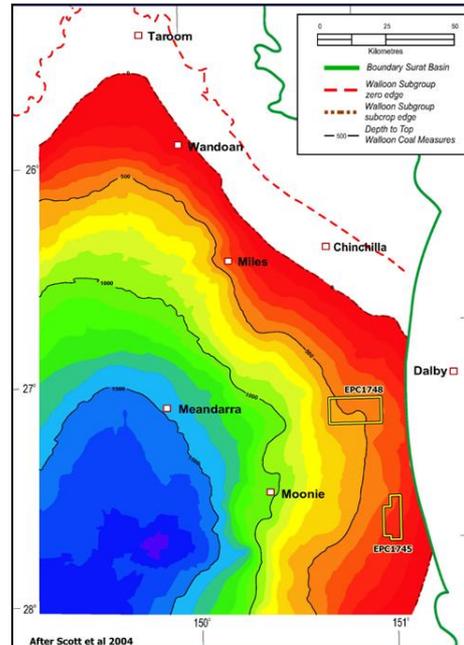


**Location of EPC 1748**

## EPC 1745

The Company has another priority application tenement, EPC 1745 which is on geological trend and is located some 40km southeast of EPC 1748. The Company considers this tenement to be an ideal continuation of the coal exploration targets within the Surat Basin. However, the drilling results from EPC 1748 will provide a key role in guiding future exploration and evaluation for EPC 1745.

### EPC 1745 location (Surat Basin Qld)



## Competent Person Statement

\* The information in this report that relates to in situ coal resources potential is based on information compiled by Adrian Buck and GeoConsult Pty Ltd and reviewed by Warwick Smyth, who is a member of the Australasian Institute of Mining and Metallurgy (CP) Geology; and the Australian Institute of Geoscientists. Warwick Smyth is a qualified geologist (BSc Geol, Grad Dip AF&I, MAusIMM (CP), MGSA, MAIG), and a Principal Consultant for GeoConsult Pty. Ltd. and has over 17 years' experience which is relevant to the style of mineralisation, the type of deposit under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the Australian Code for Reporting of Coal Resources. Neither Warwick Smyth nor GeoConsult Pty Ltd has any material interest or entitlement, direct or indirect, in the securities of Clean Global Energy or the Projects.

GeoConsult has been commissioned to provide geological services to Clean Global Energy since early 2008. Fees for the preparation of this report are on a time and materials basis. Warwick Smyth and GeoConsult Pty Ltd consent to the use of this statement and references to it and extracts from it, in the form and context in which they are included. Apart from the above, neither the whole nor any part of the statement document, nor references thereto, may be included in, or with, or attached to any document, circular, resolution, letter or statement without the prior written consent of Warwick Smyth or GeoConsult Pty Ltd.

\*\* This information is based on a preliminary report prepared by Earth Resources Australia Pty Ltd (authored by ERA's Principal Consultant, Mr Mal Bunny, BSc(Hons), FAusIMM (CP);MMICA; MAIG). Mr Bunny has in excess of 40 years' experience in mineral exploration, and is a "competent person" as defined in Appendix 5A of the ASX Listing Rules. Mr Bunny has consented in writing to the inclusion of his findings (presented in ERA Report A503, dated February 2011) in this report in the form and context in which it appears.

Under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (Paragraph 18) the Company is required to make the following statement with regard to Exploration Targets: The potential quantity and quality is conceptual in nature and that there has been insufficient exploration to define a Mineral Resource or Ore Reserve and that it is uncertain if further exploration will result in the determination of a Mineral Resource or Ore Reserve.

## UCG

### North America

As reported in the 2011 Annual Report, the Company shifted its UCG focus to developing UCG projects overseas. This shift was underscored by developments affecting UCG operators in Queensland, namely Cougar Energy and Carbon Energy, by Queensland's Environment Department (DERM). Until the legislative and permitting environment is clearer for UCG development in that state, the Company has determined it is easier to find and develop UCG sites elsewhere, most particularly in the USA and also in India, if developed with a suitable local partner.

The Company is advancing its UCG business by further developing its proprietary CRIP technology, through hardware updates using the latest engineering designs, and preparing a facility where the mechanical components can be tested prior to delivery to site for the UCG project. It is also defining a suite of software programs for the evaluation of target sites and on-line processing of UCG data in real time.

The Company believes there are numerous possibilities to access low-cost coal reserves for successful UCG projects in North America. It has engaged a two person team based in Colorado that is working to identify those sites, with a view to developing new UCG projects at low capital and operating costs. The team has considerable industry contacts in the USA and will seek an alternate project that better matches the Company's UCG criteria.

### India

CGE's binding HOA with Indian energy multinational, Essar, continues to offer opportunities for the company's UCG technology in that continent. These opportunities will continue as new coal blocks become available in India for UCG development.

CGE is working with Essar on a new UCG capability presentation for State companies in Rajasthan and Southern India. Potential revenue streams for each project in India include licencing and project management fees during design, construction and commissioning, and UCG Syngas production royalties after achieving commercial production.

Essar is one of India's largest private sector companies, engaged in the vertical businesses of steel making, electrical power generation, oil and gas production, construction, shipping and telecommunications.

## Corporate

### Non-Renounceable Entitlement Offer

On August 16 2011, the Company announced a 1-for-1 non-renounceable pro-rata entitlement offer of options to acquire fully paid ordinary CGE shares (New Options) at an issue price of \$0.002 per option, with an exercise price of \$0.07 per option to raise approximately \$453,144.04 before issue costs (Offer).

The offer is fully underwritten by Patersons Securities Limited, and funds raised under the Offer, after the payment of costs of the Offer, will be principally be used to advance the Company's projects. As at August 16, the total number of New Options that will be issued under the Offer is 226,572,021, assuming that no options over Shares that are currently on issue are exercised in time to permit the holders of exercised options to participate in the Offer.

Funds raised under the Offer, after the payment of Offer costs, will principally be used to advance Company projects.

Prospectus and Entitlement and Acceptance Forms will be despatched to Shareholders from October 24, with an Offer Closing Date of November 8. Normal trading of options on the ASX is expected to commence by November 17, 2011.

### Extraordinary General Meeting

At the Extraordinary General Meeting held in Sydney on Wednesday, 21 September 2011, shareholders considered three separate resolutions:

1. **Subsequent Approval of an Issue of Securities:** seeking approval for the issue and allotment by the Company of 21,109,194 fully paid ordinary shares in the capital of the Company at an issue price of \$0.07 per share to clients of Patersons Securities Limited.

Resolution 1 was passed unanimously on a show of hands.

2. **Issue of Shares on Conversion of the Convertible Note Loan Facility Agreement with CTL Global LLC:** to consider approval for Directors to issue and allot up to 15,156,161 fully paid ordinary shares in the capital of the Company at a deemed issue price of \$0.04 per share to CTL Global LLC on conversion of the convertible note loan facility agreement, dated 20 December 2010.

Resolution 2 was defeated on a show of hands.

3. **Authority to Issue Options to CTL Global LLC:** subject to the passing of resolution 2, seeking approval for the Company to issue to CTL Global LLC up to 15,156,161 options to subscribe for fully paid ordinary shares in the capital of the Company at a deemed issue price of \$0.002 per option and an exercise price of \$0.07 per fully paid ordinary share, in accordance with a proposed pro-rata non-renounceable entitlement issue to holders of ordinary securities that the Company is considering to undertake in the near future.

As resolution 3 was interdependent on the passing of resolution 2, it was not put to members at the meeting, as resolution 2 was defeated.

## **Dispute Resolution**

In the June 2011 Quarterly Report, the Company announced it was in dispute in respect of the consultancy agreement between it and Universal Power and Oil Pty Ltd (UPO) through which the services of Wayne O'Brien were made available to the Company.

On October 4, the Company advised the market that it had resolved the dispute with Mr Wayne O'Brien and his associated companies.

Whilst the terms of the settlement are confidential, the settlement does involve completion of the Convertible Note Liability to CTL Global LLC, a company associated with Mr O'Brien, and full releases.

# Financial

## 1. Expenditure

Key expenditure for the quarter was on UCG Development (\$145k), Exploration and Evaluation (\$196k) and administration (\$593k) costs.

CGE Management is continuing to reduce the administrative overheads and has implemented a series of cost cutting measures. A total of \$166k of administration costs are one-off items incurred this quarter due to employee termination payments and associated third party restructuring costs.

## 2. Proposed Commitments

Exploration expenditures in the coming quarter will be focussed on EPC 1748 with negotiations with land holders and relevant stakeholders. No drilling is anticipated this quarter due to the timing of the above activities and upcoming Christmas Break. An initial drilling program of 3 to 4 holes is expected to commence in the first half of 2012 after successful stakeholder negotiations.

Business development activities are to be continued in North America with a team actively engaged in seeking new UCG projects. In India, the company will continue to progress opportunities with Essar corporation for deployment of UCG capabilities.

### 3. Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

CLEAN GLOBAL ENERGY LIMITED

ABN

90 118 710 508

Quarter Ended ("Current Quarter")

30 SEPTEMBER 2011

### Consolidated statement of cash flows

Cash flows related to operating activities		Current Quarter \$A'000	Year to Date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(196) (145) - (593)	(196) (145) - (593)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	35	35
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	(29)	(29)
<b>Net Operating Cash Flows</b>		<b>(930)</b>	<b>(930)</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	- - 22	- - 22
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	4	4
<b>Net investing cash flows</b>		<b>26</b>	<b>26</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(904)</b>	<b>(904)</b>

1.13	Total operating and investing cash flows (brought forward)	(904)	(904)
<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>	(904)	(904)
1.20	Cash at beginning of quarter/year to date	4,473	4,473
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>3,569</b>	<b>3,569</b>

**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	172
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions.

CGE Management is continuing to reduce the administrative overheads and has implemented a series of cost cutting measures. The \$593k administration costs included a total of \$166k which were one-off items due to employee termination payments and associated third party restructuring costs incurred in this quarter.

A payment of \$13.8k was made to Paul Hubbard who resigned as a Director during this quarter.

Development Activities were primarily in relation to the Company's UCG Activities in North America and maintaining a two man team in the USA. Exploration and Evaluation activities relate to CGE coal tenements in Qld and Victoria.

An EGM was held on 21 Sept 2011 to consider approval for Directors to issue and allot fully paid shares to CTL Global LLC on conversion of the convertible note loan facility of \$600k. This Resolution was defeated on a show of hands. On October 4 2011, a settlement\* was reached involving both the completion of the Convertible Note Liability and Universal Power and Oil which remains confidential.

**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
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- 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
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### 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	-	-
3.3 Convertible note	-	600

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and Evaluation	206
4.2 Development	152
4.3 Production	-
4.4 Administration	438
<b>Total</b>	<b>796</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	150	148
5.2 Deposits at call	3,419	4,325
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,569</b>	<b>4,473</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	EPC 1507 Sold to Great Nominees Pty Ltd.	100%	0%
6.2	Interests in mining tenements acquired or increased	N/A		

### 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</b> (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	226,572,021	171,144,207	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b> (description)			

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	3,527,079 125,000 1,250,000 375,000	- - - -	<b>Exercise price</b> \$0.40 \$0.60 \$1.00 \$1.00	<b>Expiry date</b> 30/11/2011 30/11/2011 30/08/2011 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)	A\$600,000 (Convertible note)	-		
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.



**Alison Coutts**  
Managing Director/CEO

Date: 28<sup>th</sup> October 2011

## 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* applies 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.