

## CLEAN TEQ CEO'S REPORT

### As at 31 December 2008

It is with pleasure that I present the CEO's report for Clean TeQ Holdings Limited (ASX: CLQ) in relation to the half year ending 31 December 2008. The first half of the current financial year has been a difficult trading period for many organisations, with Clean TeQ having a number of projects delayed or cancelled during the period. This has affected the performance of the Company during the first half of the current financial year. However, at 31 December 2008 the Company had no material debt and in excess of \$5 million cash on deposit. Based on the number and quality of the opportunities in the pipeline the Directors are optimistic about the prospects of the Company across its core activities.

#### Performance

	31 December 2008 \$'000	31 December 2007 \$'000	31 December 2006 \$'000
Revenue	3,544	8,124	1,960
NPAT	225	1,564	412

The half year ending 31 December 2008 has been one of consolidation for the Company. Over the last 18 months the company has increased its cost base, mainly as a result of the investment in human resources, in order to establish the capability required for the Company to continue to expand in future periods. The increased cost base has had an impact on the current period's performance. However, this investment is expected to improve the performance of the Company in the future. Furthermore, the Company has invested in the demonstration of its uranium separation technology during the period.

Clean TeQ generated free cash flow from its operating activities of \$233,000 for the period under review. During the period the free cash flow was reinvested in the business by way of further research and development for mining and water applications.

## Outlook

With the current economic conditions and delays to projects it is difficult to predict with accuracy the full year profit result. The Company expects to have a better understanding of its likely full year profit position at the end of the March 2009 quarter. Due to the project based nature of the Clean TeQ Holdings Limited business, receipts from customers and net operating cash flows will continue to be received as milestones are achieved across the major contracts.

## Our Divisions

- **Air Purification**

Sales have decreased compared to the corresponding prior period as a result of delays in the award and the start date of some projects. This business unit is expected to experience year on year growth based on existing contracts and the number of new contracts in the pipeline.

- **Resource Recovery**

Construction of a Clean-iX® Resin-In-Pulp Pilot Plant at Paladin's Langer Heinrich uranium mine in Namibia commenced during the period. This pilot plant was operational in the second quarter of the current period with initial results being positive and reinforcing the successful application of the Clean-iX® Resin-In-Pulp technology for uranium recovery.

Furthermore, during the period the Resource Recovery Division entered into a non-exclusive licence agreement with BHP Billiton Olympic Dam Corporation Pty Ltd for its Clean-iX® technology.

During the period the Company has experienced increased interest for its technologies amongst a number of mining companies.

- **Water Purification**

The Water Division has continued to develop a solid portfolio of products over recent times. Commercialisation of the Clean-iX® technology for water treatment / recycling is continuing. During the six month period ended 31 December 2008 the Water Division won a water treatment contract for a significant Western Australian mining corporation.

- **LiXiR**

During the current period we have completed the development of the LiXiR capsule. Our platform Clean-iX® technology was used in the manufacture of the red grape skin extract, one of the active components of LiXiR. LiXiR is a nutritional supplement that contains natural trans-resveratrol and our proprietary Australian red grape skin extract, which is designed as a well being product. Sales of the product are due to commence in the second half of the current financial year. For more information regarding this product and its potential, visit our website at [www.lixirproducts.com](http://www.lixirproducts.com).

The Directors and I would like to thank all employees for their continuing contributions over the most recent six month period. Furthermore, I would like to express my appreciation to my fellow Board members for their contributions and guidance over this period.

Yours faithfully



Greg Toll  
Chief Executive Officer