

Clean TeQ raises up to US\$6 million via Convertible Note

The Board of Clean TeQ Holdings Limited (**ASX; CLQ**) is pleased to announce the Company has entered into a convertible note facility with La Jolla Cove Investors, Inc. ("La Jolla") to provide up to US\$6 million in funding.

"This Facility provides Clean TeQ with additional working capital to support the commercialisation of its technologies and to pursue acquisition opportunities across each of its Divisions. We are progressing with a possible acquisition in the USA," said Greg Toll, Clean TeQ's Chief Executive Officer.

La Jolla is a California (USA) based private investment company that invests in small to mid sized publicly traded companies. La Jolla commenced discussions with Clean TeQ in March 2010 and over the last few months it has completed its due diligence and has agreed to make this important investment. As a cornerstone institutional investor in Clean TeQ, La Jolla will work with Clean TeQ to achieve the best possible business outcomes for the Company. In addition to the financial resources, La Jolla will provide strategic advice and merger and acquisition expertise. For further information regarding La Jolla please refer to their website www.ljcinvestors.com.

The key terms of the convertible note facility are as follows:

- The facility comprises up to US\$6 million in four (4) separate US\$1.5 million convertible notes, each with a duration of 3 years from the first drawdown of the relevant convertible note;
- There are no fees or expenses associated with the establishment of the facility;
- Funds may be drawn down at La Jolla's request by Clean TeQ on the basis of between US\$125,000 and US\$400,000 per month;
- The notes bear interest payable to the holder at an interest rate of 4.75% p.a. payable monthly on the outstanding funded and non-converted principal amount;
- The notes must be repaid upon maturity unless converted to ordinary shares within the terms of the notes. The notes can be converted into new Clean TeQ shares at the election of the holder at the lesser of A\$2.50 per share or a 20% discount to the 5 day volume weighted average price calculated at conversion;
- Clean TeQ may also require conversion of the notes on the basis of one third of the outstanding balance of the notes being converted in each of the three months prior to the maturity of the notes;

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- While the convertible note is outstanding, neither La Jolla nor its affiliates may at any time engage in any short sales with respect to Clean TeQ shares, or sell put options or similar instruments with Clean TeQ shares;
- In accordance with ASX Listing Rule 7.1, shareholder approval will be sought to enable funding in excess of a limit equivalent to 15% of the capital of the Company. A shareholders meeting will be held on 7 September 2010 to provide approval for this purpose in accordance with the requirements of the ASX Listing Rules to enable the issue of a convertible note within 3 months of the date of the meeting; and
- The issue of the first convertible note is likely to occur within 2 days following the date of the shareholders meeting, provided that shareholders approve the issue of the convertible note.

Further details of the convertible notes are contained in the Notice of Meeting and Explanatory Notes to be dispatched to shareholders shortly.

For more information:

Greg Toll, Chief Executive Officer
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About Clean TeQ Holdings Limited (ASX: CLQ)

Clean TeQ (ASX: CLQ) is a leading Australian clean technology business that focuses on providing solutions for the purification of air, water and mineral resources. The Company's technologies provide our customers with focused, fit-for-purpose solutions that are specifically targeted; minimize energy input and waste byproducts. Clean TeQ develops technologies in-house and partners with leading technology suppliers worldwide. For more information about Clean TeQ please visit the Company's website at www.cleanteq.com.

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