



**Sino Clean Energy, Inc.** is a producer and distributor of Coal Water Mixture ("CWM"). Based in Shaanxi Province, Sino Clean Energy is the first and largest CWM producer in Northwestern China. It operates two production lines with total annual capacity of 650,000 metric tons and sells its products directly to 35 customers. The Company's acoustic energy CWM system increases production output and prevents sedimentation due to long-distance transportation. With increasing production capacity, an expanding customer base, accelerating demand of CWM supported by the government's effort to reduce Carbon Dioxide emission and increase energy yields, the Company is well positioned to capitalize on this growth opportunity in China.

#### INVESTMENT HIGHLIGHTS

- One of the largest and fastest growing CWM producers—CWM burns cleaner and increases energy yield
- Government policy, incentives, and cost savings drive adoption of CWM
- Strong industry expertise and technology know-how with proprietary processing techniques to process different types of coal
- Exclusivity in patented sonic-energy production line in northwest China
- Located in a resource intensive region with first-mover advantage and a scalable/replicable business model
- Seasoned management with industry expertise and equity ownership
- 2009 and 2010 Guidance:



	2009	2010
Revenue	\$40 million	\$70 million
Net Income	\$10 million	\$15 million

	FY 2007	FY 2008	vs. FY 2007	Q3 2008	Q3 2009*	vs. Q3 2008
Revenue	\$2.8 M	\$13.8 M	▲419.1%	\$3.4 M	\$10.8 M	▲214.6%
Gross Profit	\$1.0 M	\$4.5 M	▲344.2%	\$1.1 M	\$3.9 M	▲251.4%
Adjusted Net Income	—	—	—	\$1.2 M	\$2.8 M	▲132.8%
GAAP Net Income (Loss)	\$1.0 M	\$3.0M	▲195.2%	\$1.1 M	(\$30.9 M)	(2,801%)
Adjusted EPS (Diluted)	—	—	—	\$0.01	\$0.03	▲200%
GAAP EPS (Diluted)	\$0.01	\$0.03	▲200%	\$0.01	(\$0.31)	(3,200%)

\*Q3 2009 included a \$7.0 million non-cash charge related to the changes in the value of warrants and \$24.8 million from the beneficial conversion feature of the notes issued in the July 2009 financing.

**SECTOR: Energy**  
**INDUSTRY: Energy**

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### SELECT FINANCIALS

#### OTC BB: SCLX

Fiscal Year End	Dec. 31st
Market Cap	\$61 M
Current Price (1/08/09)	\$0.60
52 Week Price Range	\$.11 - \$.69
Shares Outstanding	102.1 M
Fully-Diluted Shares *	198.4 M
Cash (09/30/09)*	\$14.0 M
2008 Revenues	\$13.8 M ▲419.1%
2008 Net Income	\$3.0M ▲195.2%
2008 EPS	\$0.03 ▲200%
Management Ownership	35%

\* Includes net proceeds of \$9.36M from financing in July 2009

#### COAL WATER MIXTURE

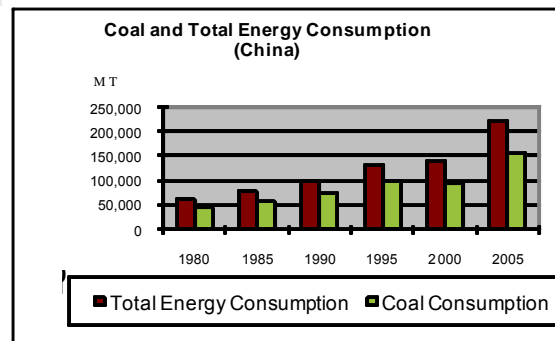
- Coal Water Mixture (CWM) is made of approximately 71% of coal, 29% of water and less than 1% of chemical catalyst.
- CWM compared to coal (averages)
  - ⇒ increases the burning efficiency by 22.5%
  - ⇒ reduces air pollution by 75%,
  - ⇒ reduces coal consumption by 36.8%
  - ⇒ reduces cost by about 4-5% in coal material for end users
  - ⇒ generates approximately 33% gross profit margin for the producer
- CWM can be used in all kinds of industrial boilers, industrial stoves, station boilers, and civil boilers after conversion

#### MARKET OPPORTUNITY

- Many provincial and municipal governments in China have announced regulations to promote and enforce usage of CWM and other clean energy solutions
- Government is providing subsidies to CWM adopters
- China's 9th 5-Year-Plan supports development of clean coal technologies, promotion of CWM and other clean energy applications
- China's President Hu Jintao pledges to curb carbon dioxide emissions by a notable margin at UN summit

#### CWM BURNS CLEANER

Pollution Comparison	Pollution (kg/h) from Burning Coal	Pollution (kg/h) from Burning CWM	Pollution Reduction %
Smoke & dust	0.61	0.28	54.1%
SO2	4.90	1.10	77.6%
Total	5.51	1.38	75.0%



#### GROWTH STRATEGY

- **Capacity Expansion**
  - ⇒ Increase current annual capacity from 650,000 metric tons to 1 million metric by 2010 through organic growth.
  - ⇒ Reach 5 million metric tons per annum by 2012 through selective acquisitions, to meet market demand in Greater Xi'An area and other geographic regions.
- **Vertical Integration**
  - ⇒ Partnership with Tongchuan municipal government to build and operate 3 utility stations using company's CWM, covering residential heating needs of Tongchuan.



## CWM REDUCES COST AND COAL CONSUMPTION

Cost comparison	Washed coal	CWM	Natural gas	Diesel oil	Electricity
Market price of fuel (RMB)	650/mt	700/mt	1.96/cm	5000/mt	0.49/degree
Boiler efficiency *	65%	84%	90%	86%	95%
Burning efficiency *	80%	98%	99%	99%	100%
Intrinsic Energy **	6,428 kc/kg	4,500 kc/kg	8,000 kc/cm	10,000 kc/kg	860 kc/degree
End user cost (RMB per mega calories)	0.197	0.189	0.27	0.59	0.60
Coal (kg) used for every mega calories	0.303	0.192	-	-	-
Coal consumption saving %		36.8%			

\* Data source: Industrial Boilers and Environment Protection Product Quality Testing Center, Ministry of Mechanical Industry, State Environment Protection Bureau, 2000

\*\* Assuming CWM consists of 71% washed coal.

## CWM MARKET IN CHINA

- China's CWM plants have mostly been small-scale with annual production from 50,000 MT to 500,000 MT
- In Shaanxi province, the CWM industry is beginning to develop, and its market potential is more than 15.2 million MT per annum
- Strong demand growth has been driven by CWM energy efficiency and pollution reduction, cost savings and recently by government policies and monetary incentives

## PRODUCTION FACILITY

- “Ball Grinder” processes washed coal with water and chemicals into semi-finished CWMs
- Strained through filters to allow stabilization
- Mixed in “Bi-polar reinforced container” to create CME
- Examined for quality assurance and placed in storage container for shipping



## SCLX's production capacity will reach 900,000 metric tons by February 2010

Facility	Annual Production Capacity	Status
Production Line 1	100,000	Started operation in June 2006
Production Line 2	250,000	Started operation in March 2009
Production Line 3	300,000	Started operation in October 2009
Production Line 4	250,000	To start operation in February 2010



## MANAGEMENT TEAM

- **Baowen Ren**, 39, certified economic engineer, and titled “Shaanxi Top 100 Entrepreneur”. He was president of Shaanxi Lanchao Group prior to founding Sino Clean Energy. Mr. Ren has Business Management degree from Hanzhong Normal University.
- **Hon Wan Chan**, 48, joined company in 12/2008. Served as the Business Director for Texwood Group from 2006 to 2008. He was Chief Financial Officer of South China Media Group from 2005 to 2006. Has master's degree in accounting from Hong Kong Polytechnic University, and bachelor's degree in economics from Macquarie University in Australia.
- **Peng Zhou**, 40, graduate of Shaanxi Institute of Finance. He has managed operations in diversified industries including finance, media, foreign trade, real estate and hydropower plant development prior to joining Sino Clean Energy in 2002. He is expert in coal resources of west China, CWM technology and market in China.

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