

28 March 2017

Clean TeQ issues shares to Shanghai Pengxin Group to fast track development of Syerston Nickel-Cobalt-Scandium Project in Australia

Mr Jiang Zhaobai, Chairman of Pengxin Group, to be appointed Co-Chairman, alongside Mr Robert Friedland

Melbourne, Australia – Robert Friedland, Co-Chairman of Clean TeQ Holdings Limited (CLQ:ASX; CTEQF:OTCQX), and Sam Riggall, Co-Chairman and CEO, today announced the issue of shares to Pengxin International Mining Co. Ltd. (**‘Pengxin Mining’**), part of the Shanghai Pengxin Group Co. Ltd (**‘Pengxin Group’**), to facilitate the development of the Company’s Syerston Nickel Cobalt Scandium Project in New South Wales, Australia. The Syerston Project is one of the largest accumulations of cobalt outside of Africa, and one of the largest and highest-grade scandium deposits in the world.

As announced on 28 February 2017, Pengxin Mining agreed to make an initial private placement investment of approximately A\$81 million in Clean TeQ, to be used primarily for the development of Syerston, by purchasing 92,518,888 new Clean TeQ shares at an issue price of A\$0.88 per share. The issue price represents a 17% premium to the 20-day volume-weighted-average ASX quoted price of Clean TeQ shares up to and including 28 February 2017 of A\$0.75 per share.

Mr Jiang Zhaobai, Chairman of Pengxin Group, will join the Clean TeQ board as Non-Executive Co-Chairman, alongside existing Co-Chairman Robert Friedland. Pengxin Mining will also have the right to appoint a second nominee to join the Clean TeQ board as a Non-Executive Director. Sam Riggall, Clean TeQ’s Executive Co-Chairman and CEO, will assume the role of Managing Director.

Clean TeQ Co-Chairman Mr Robert Friedland commented, “We are delighted to be entering into this strategic partnership with Pengxin Mining. I look forward to working closely with Mr Jiang and the Pengxin Group as we maintain a fast-track schedule for the development of the Syerston Project.”

Pengxin Mining is listed on Shanghai Stock Exchange and is the owner and operator of the Shituru Copper Project in Katanga Province, Democratic Republic of Congo. Pengxin Mining is a subsidiary of the Pengxin Group, which has more than 40 subsidiary companies, either wholly-owned or largely-owned, with total assets over 20 billion RMB.

Information Disclosure under ASX Listing Rules 3.10.5A and 7.1A.4(b)

CleanTeQ Holdings Limited ("Company") hereby provides notice to the ASX for the purposes of ASX Listing Rule 3.10.5A and 7.1A.4(b) that on 27 March 2017 it issued 24,091,962 fully paid ordinary shares in the Company in accordance with ASX Listing Rule 7.1A ("Placement").

Pursuant to the provisions of ASX Listing Rule 3.10.5A in which the issue of 24,091,962 ordinary shares were made under ASX Listing Rule 7.1A, the Company states that:

- The Placement of 24,091,962 ordinary shares represented 4.21% of the ordinary shares on issue of the Company, resulting in a dilution to the existing holders of ordinary securities by that amount;
- The Company considered the Placement as the most efficient and expedient method for raising the funds required by the Company to fast track development of the Syerston Nickel-Cobalt-Scandium Project in Australia;
- The Placement was not underwritten;
- Total costs in relation to the Placement are expected to be 0.1% of the gross proceeds.

Section 708A Cleansing Notice and Appendix 3B is attached.

About Shanghai Pengxin Group

Founded in 1988, Shanghai Pengxin Group has grown into one of the largest private-owned holding groups in China and an employer of more than 4,000 people.

Shanghai Pengxin Group is a private Chinese conglomerate with a diversified business scope including mining, real estate development, urban infrastructure construction (including water treatment), high-tech investment and investment in industry and commerce. Pengxin Group has more than 40 subsidiary companies, either wholly-owned or largely-owned, with total assets of more than 20 billion RMB

As one of the earliest private groups in China to attempt internationalization, diversification and professional management, Pengxin Group has invested over US\$1 billion overseas in the last decade, and gradually grown its four main business segments into domestic industry leaders.

Metals & Mining – The group controls Pengxin Mining (600490.SH), which has been listed on the Shanghai stock exchange since 2003. Pengxin Mining owns and operates the Shituru copper mine in Democratic Republic of Congo, which is located in an area with a long history of copper mining and smelting as well as existing infrastructure to support significant industrial activities. Using a hydrometallurgical processing plant to produce copper cathode, Shituru's annual throughput is 36,000 tons.

Property Development – Since its establishment, Pengxin Real Estate, a subsidiary of Shanghai Pengxin Group, has developed a number of large scale projects in Shanghai such as Chuang Shi Ji Garden, Oding Palace Villa, City Classic and Bundfield, with the total developed area amounting to over 2.5 million square metres.

Infrastructure – Adopting a financing mode of Build Operate Toll ('BOT'), Shanghai Pengxin Group has invested 3.3 billion RMB in the development of the Shanghai Suburban Ring Road (A30) North Section, which was completed and put into operation in late 2004. Shanghai Pengxin Group also has delivered over 2 billion RMB worth of other projects operated on a BOT model including the Shanghai Long-Distance Bus Terminal and the Nanhui Sports Centre.

Industry and Commerce – Shanghai Pengxin Group is actively investing in expansion into new commercial opportunities. Shanghai Yangpu International Home Textiles Park, Business Headquarters Base, Nanjing Water City and International Mart in Wuhan are just some of the projects presently under construction, with the total developed area amounting to over 1.5 million square metres.

Technology – The Shanghai Pengxin Group is actively engaged in the research and development of high-tech projects. MPI technology, developed by Shanghai Longlin Communications Technology Co., Ltd., a Shanghai Pengxin Group company, is a new generation video network intended to revolutionize the vast information-consuming market by realizing the potential of 3-in-1 network broadcasting, television and telephone.

Agriculture – Shanghai Pengxin Group, through its subsidiary Pengxin New Zealand Farm Group, owns a number of significant dairy farming operations in New Zealand.

For more details about Shanghai Pengxin Group see <http://www.peng-xin.com.cn/eng/default.aspx>.

About Clean TeQ Holdings Limited

Based in Melbourne, Clean TeQ (CLQ:ASX; CTEQF:OTCQX), using its proprietary Clean-iX® continuous ion exchange technology, is a leader in metals recovery and industrial water treatment.

About the Syerston Project – Clean TeQ is the 100% owner of the Syerston Project, located in New South Wales. The Syerston Project is one of the largest and highest grade scandium deposits in the world and one of the highest grade and largest nickel and cobalt deposit outside of Africa.

For more information about Clean TeQ please visit the Company's website www.cleanteq.com.

Clean TeQ contacts:

Sam Riggall, Co-Chairman and CEO or Ben Stockdale, CFO

+61 3 9797 6700

This release may contain forward-looking statements. The actual results could differ materially from a conclusion, forecast or projection in the forward-looking information. Certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information.



Melbourne, 28 March 2017

Section 708A Cleansing Statement and Appendix 3B

This notice is given by Clean TeQ Holdings Limited (**Company**) under Section 708A(5)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**).

The Company hereby confirms that:

- (a) the Company has issued 92,518,888 fully paid ordinary shares (**Shares**) at an issue price of \$0.88 (88 cents) per Share.
- (b) the Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- (c) the Company is providing this notice under paragraph 5(e) of section 708A of the Corporations Act;
- (d) as at the date of this notice the Company, as a disclosing entity under the Corporations Act, has complied with:
 - (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - (ii) section 674 of the Corporations Act as it applies to the Company; and
- (e) as at the date of this announcement, there is no excluded information of the type referred to in Sections 708A(7) and 708A(8) of the Corporations Act.

For more information about Clean TeQ contact:

Sam Riggall, Executive Chairman or Ben Stockdale, CFO

+61 3 9797 6700

About Clean TeQ Holdings Limited (ASX: CLQ) – Based in Melbourne, Clean TeQ, using its proprietary Clean-iX® continuous ion exchange technology, is a leader in metals recovery and industrial water treatment.

For more information about Clean TeQ please visit the Company's website www.cleanteq.com.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Clean TeQ Holdings Limited

ABN

34 127 457 916

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|----------------------------|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 92,518,888 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

4	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Yes
5	Issue price or consideration	\$81,416,621.44
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	To fast track development of the Systerton Nickel-Cobalt-Scandium Project in Australia.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	22 November 2016
6c	Number of +securities issued without security holder approval under rule 7.1	68,426,926 fully paid ordinary shares
6d	Number of +securities issued with security holder approval under rule 7.1A	24,091,962 fully paid ordinary shares
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of securities issued under an exception in rule 7.2	Nil

+ See chapter 19 for defined terms.

6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	LR 7.1 LR 7.1A TOTAL	- <u>23,859,322</u> 23,859,322
7	Dates of entering +securities into uncertificated holdings or despatch of certificate	27 March 2017	
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		572,031,730	Ordinary fully paid shares
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	50,325,794 4,877,929	Options over ordinary shares Performance Rights
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A

+ See chapter 19 for defined terms.

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Despatch date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
1. the date from which they do
 2. the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 3. the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-

+ See chapter 19 for defined terms.

41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>					
42	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="width: 50%; padding: 5px;">Number</th><th style="width: 50%; padding: 5px;">⁺Class</th></tr></thead><tbody><tr><td style="height: 100px;"></td><td style="height: 100px;"></td></tr></tbody></table>	Number	⁺ Class		
Number	⁺ Class					

⁺ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.


Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here


.....
(Company secretary)

Date: 28 March 2017

Print name: Melanie Leydin

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	418,004,477
Add the following: <ul style="list-style-type: none"> Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	19,047,620 – 13 May 2016 200,000 – 5 July 2016 2,000,000 – 3 August 2016 33,000 – 23 August 2016 500,000 – 26 August 2016 38,461,539 – 8 November 2016 553,155 - 17 February 2017 577,800 – 14 March 2017 135,251 – 23 March 2017
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	-
“A”	479,512,842

+ See chapter 19 for defined terms.

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Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	71,926,926
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	500,000 – 19 December 2016 3,000,000 – 27 February 2017 68,426,926 – 27 March 2017
“C”	71,926,926
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	71,926,926
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	71,926,926
Total [“A” x 0.15] – “C”	- <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	479,512,842
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	47,951,284
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	24,091,962 – 27 March 2017
“E”	23,859,322

+ See chapter 19 for defined terms.

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Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	47,951,284
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	24,091,962
Total [“A” x 0.10] – “E”	23,859,322 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.