

Melbourne, 19 March, 2015

Clean TeQ and KBM Affilips to collaborate on development of Syerston Scandium Project

Clean TeQ Holdings Limited is pleased to announce that it has entered into a collaboration agreement with KBM Affilips B.V. relating to Clean TeQ's Syerston Scandium Project in New South Wales. This follows the signing earlier this month of a similar agreement with Airbus APWorks GmbH.

The agreement will provide a framework under which KBM Affilips and Clean TeQ will work together to determine potential demand for scandium and the ability of the Syerston Project to meet that demand, fulfilling KBM Affilips' price and quality specifications. As part of the process, Clean TeQ has agreed to provide KBM Affilips with access to its studies and technical data for the Syerston Project, to produce test samples of scandium oxide from its bulk sampling and piloting program and to work with the KBM Affilips supply chain to facilitate production of aluminium-scandium master alloy for testing and qualification purposes.

The agreement does not commit either party to entering into agreements concerning off-take or scandium supply.

About KBM Affilips

KBM Affilips B.V. is the marketing and sales company for the KBM Affilips Group, which manufactures master alloys at its metallurgical plants in The Netherlands and Belgium.

The KBM Affilips Group was founded in the 1960's and is the world's largest manufacturer of non-ferrous master alloys, delivering over 40,000 tonnes of product to eighty different countries. It specialises in the manufacture of a wide range of metal products, including aluminium aircraft sheet, specialty steels and super alloys for aircraft engines, products for aerospace applications, nuclear reactors and other applications requiring specialty or high-performance metals. KBM Affilips is an innovator and cost leader in the production of highly specialised aluminium based master alloys, including aluminium-scandium master alloys.

Master Alloys

A master alloy is a semi-finished product usually comprising a base metal, such as aluminium, combined with a relatively high percentage of one or two other elements. Master alloys are manufactured for use as a raw material by the metals industry. Master alloys are typically utilised in plants where metal is melted, alloyed with various elements and then cast into shapes.

There are various reasons for adding master alloys to a melt. One of the main applications is composition adjustment which involves changing the composition of the liquid metal to achieve a desired chemical specification. Another important application is structure control - influencing the microstructure of a metal during casting and solidification in order to change its properties. Such properties include mechanical strength, ductility, electrical conductivity, castability or surface appearance. A master alloy is sometimes also referred to as "hardener", "grain refiner" or "modifier" depending on its application.

Reasons for using a master alloy instead of a pure metal can be economical, technical or both. Some elements show high losses - or poor yield - when added in pure form. Others will not dissolve at all at the furnace temperature prevailing in a cast-house. A master alloy often provides the solution, as it dissolves much quicker at lower temperatures, saving valuable energy and production time.

The master alloy industry uses specialised equipment such as high temperature induction furnaces to produce the alloy composition suitable for use by the regular metals industry.

Aluminium-Scandium Alloys

Aluminium-Scandium (Al-Sc) alloys offer a number of significant benefits to end users:

- Grain refinement: smaller evenly shaped grains provide for increased strength
- Superplasticity: Al-Sc alloys can be subjected to higher stresses to form more complex shapes
- Precipitation hardening: Al-Sc alloys are significantly harder
- Greater corrosion resistance
- Higher thermal and electrical conductivity
- Increased weldability with no loss in strength

Aluminium Scandium alloys offer particular benefits to the aerospace industry. It is estimated that the weldability and corrosion resistance properties of Al-Sc alloys provide the potential for aircraft manufacturers to reduce aircraft manufacturing costs and aircraft weight by substantially eliminating the use of rivets and corrosion resistant cladding.

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About Clean TeQ Holdings Limited (ASX: CLQ) – Based in Melbourne, Clean TeQ, using its proprietary Clean-iX[®] continuous ion exchange technology, is a world leader in resource recovery and industrial water treatment. Clean TeQ Metals Pty Ltd has been established as Clean TeQ's wholly owned subsidiary to build a metal recovery business through securing and developing projects which significantly benefit from Clean TeQ's unique hydrometallurgical processing capability.

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

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.