

Melbourne, 20 January 2016

First Production of High Purity (99.9%) Scandium Oxide at Clean TeQ Demonstration Plant

Clean TeQ Holdings Limited (**Clean TeQ** or **Company**) is pleased to announce that first production of 99.9% purity Scandium Oxide (Sc_2O_3) has occurred from the processing of Syerston ore at the company's Scandium recovery and purification demonstration plant at ALS Metallurgy in Perth.



High purity (99.9%) Scandium Oxide produced from processing of Syerston ore

By successfully completing the demonstration plant campaign to produce high purity Scandium Oxide, the Company has achieved a critical milestone in the development of the Syerston Project, as well as generating a significant amount of additional internal 'know how' in respect of the recovery and purification of Scandium Oxide from Syerston ore.

Clean TeQ Metals General Manager, John Carr, stated *"The production of high purity Scandium Oxide from Syerston ore is a very important milestone. This is the first time that Scandium Oxide of any significant quantity has been produced from the processing of primary ore utilising continuous ion exchange technology. We are pleased with the performance of the demonstration plant, as it confirmed the ability of our flow sheet to produce Scandium reliably and efficiently. By developing a mineable source of Scandium, Clean TeQ intends to deliver long-term, reliable and low cost supply in order to facilitate the development of the next generation of lighter and stronger aluminium alloys for use in the global aerospace and automotive markets."*

Demonstration Plant Operations

The demonstration plant simulated the Scandium recovery and purification process to be used at Clean TeQ's 100% owned Syerston Project in NSW. During September and October, the demonstration plant campaign, which included commissioning and operation of the entire leaching and extraction circuit, processed approximately 12 tonnes of Syerston ore to produce a batch of scandium rich eluate (liquor). A video showing operation of the plant can be viewed on Clean TeQ's website.

Through November, December and January Clean TeQ's technical team worked with ALS on the chemical purification processes to refine a small quantity of the scandium rich eluate into the high purity (99.9%) Scandium Oxide pictured above. While achievement of the 99.9% target took slightly longer than anticipated, a number of important processing steps in the flowsheet were able to be optimised as a result of the learnings obtained during the refining work.

Now that the chemical purification process for refining the eluate into a high purity scandium product has been confirmed, Clean TeQ's technical team will work over the next two months to process and purify the remaining eluate liquor to produce additional samples of high purity (99.9%) Scandium Oxide. Samples will be shipped to potential offtake partners for testing and product qualification purposes, a critical step for securing offtake commitments.



Clean TeQ's proprietary Resin-In-Pulp (cRIP) process demonstration plant

Although Clean TeQ does not expect that all potential offtake customers will necessarily require high purity (99.9%) Scandium Oxide, production of samples of high purity material is an important milestone for the Company to achieve in order to demonstrate Clean TeQ's technical capability as well as to ensure

that the price of the Scandium product achieved is maximised through the marketing process. Based on discussions with the range of potential offtake counterparties to date, the company anticipates that high purity Scandium Oxide is likely to attract a premium price compared to lower purity products.

Syerston Feasibility Study

The primary aim of running the demonstration plant was to confirm the processing 'pathway' assumed in the Scoping Study for recovery of high purity Scandium Oxide from Syerston ore and to produce samples for potential customer qualification. As part of the Syerston Feasibility Study now underway, Clean TeQ is conducting further testwork to confirm the optimal plant design with a view to maximising metallurgical recoveries. Operation of the demonstration plant has provided a significant amount of initial information in respect of the Scandium processing plant, including identifying a number of opportunities to simplify the refining and purification circuits and, in so doing, potentially reduce capital and operating cost.

Clean TeQ has also recently completed a drill program at Syerston. The drill program is part of the Syerston Feasibility Study and is primarily targeted at increasing the confidence levels of the existing high grade Scandium resource through infill drilling. Initial results from the drilling were released in December 2015, with an updated Scandium Resource Statement to be released in February 2016.

The Feasibility Study is scheduled for completion by the end of 2016 Q2.

Scandium Marketing

During October and November 2015, representatives from Clean TeQ attended a number of meetings in North America and Europe with a range of potential Scandium Oxide offtake counterparties. Those discussions confirmed that there is a significant amount of work being undertaken by the aerospace industry (and others) to evaluate the use of Scandium in a range of industrial products and applications.

A key focus for the Company is securing offtake contracts to support the levels of Scandium Oxide production proposed in the Scoping Study. Clean TeQ has signed collaboration agreements with Airbus, KBM Affilips, Universal Alloy Corp and Deakin University to develop the Scandium market for aerospace and other industrial sectors. The agreements provide a framework under which Clean TeQ will work with the downstream Scandium supply chain to determine potential demand and the ability of the Syerston Project to meet that demand at the required price and quality specifications.

With the Feasibility Study due to be completed by the end of 2Q 2016, the Company will continue its work over coming months to determine offtake requirements, including timeframes for supply, as well as pricing and other commercial terms, with the aim of securing binding offtake commitments.

For more information about Clean TeQ contact:

Melanie Leydin, Company Secretary 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 at www.cleanteq.com.

About the Syerston Scandium Project – Clean TeQ is the 100% owner of the Syerston Scandium Project, located in New South Wales. The Syerston Project is one of the largest and highest grade Scandium deposits in the world. The Syerston Scandium Project Scoping Study was completed in May 2015 – for details see the ASX announcement dated 25 May 2015.

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.