

Melbourne, 22 January 2016

Quarterly Activities Report - December 2015

Clean TeQ Holdings Limited
ACN: 127 457 916
(ASX: CLQ)

Corporate Information:

418.0M ordinary shares
33.0M unlisted options
2.6M performance rights
\$6.8M cash at bank

Directors:

Executive Chairman
Sam Riggall

Executive Director
Peter Voigt

Non-Executive Director
Eric Finlayson

Non-Executive Director
Roger Harley

Non-Executive Director
Ian Knight

Company Secretary:

Melanie Leydin

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Highlights

- **Completion of scandium recovery demonstration plant program with production of high purity (99.9%) scandium oxide in Jan- 2016**
- **Drill program confirms and extends high grade scandium zones at Syerston – Resource update due Feb-2016**
- **Key personnel appointed to progress development of Syerston**
- **Syerston Feasibility Study on track for completion in June 2016**

Clean TeQ Overview

Clean TeQ Holdings Limited (**Clean TeQ** or **Company**) is a leader in environmental innovation. Our vision is to create a globally significant business which is focused on providing clean solutions to a range of industries using our proprietary Clean-iX® continuous ion exchange technology. We are focused on the markets and ventures where our unique technology is best placed to unlock significant long term value for shareholders – metals recovery and industrial water purification.

Metals Recovery – The Company's Clean-iX® Continuous Ion Exchange technology is an innovative hydrometallurgical process for the extraction and purification of a range of valuable metals from slurries and solutions that are not amenable to conventional separation.

Clean TeQ owns the Syerston Scandium Project in NSW. Through the development of Syerston, Clean TeQ has the opportunity to become the leading, and lowest cost, supplier of scandium to the global transportation industry.

Water Purification – Clean TeQ's Continuous Ionic Filtration & Exchange (CIF®) and Macroporous Polymer Adsorption (MPA®) resin technologies provide cost effective solutions to the mining, oil and gas and municipal industries for the treatment of waste waters. Our technologies are designed to cope with the most demanding waters to provide best in class performance in water recovery and operability.

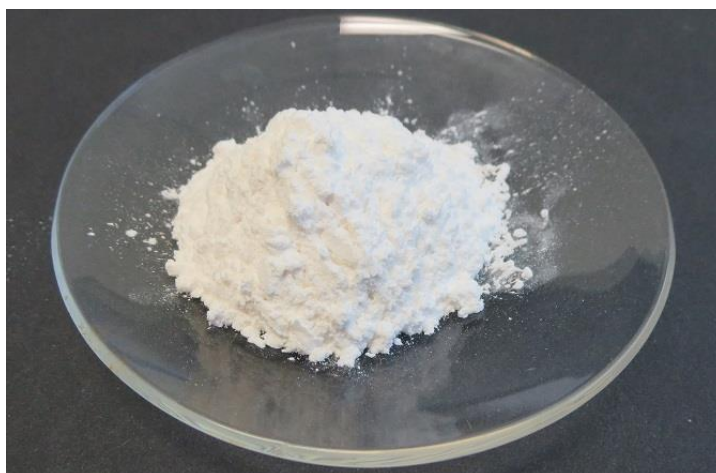
Clean TeQ Metals

Syerston Scandium Project

Clean TeQ is the 100% owner of the Syerston Scandium Project in central New South Wales. During the December 2015 quarter, activities were focused on the ongoing feasibility study works for the project, including completion of a scandium recovery and purification demonstration plant campaign and a drilling program primarily targeted at increasing the confidence levels of the existing high grade scandium resource.

As announced on 20 January 2016, 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.

The demonstration plant simulated the scandium recovery and purification process to be used at the project. During September and October 2015, 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).



High purity (99.9%) scandium oxide produced from processing of Syerston ore

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.

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.

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 sale price achieved for the scandium product 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.



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

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.

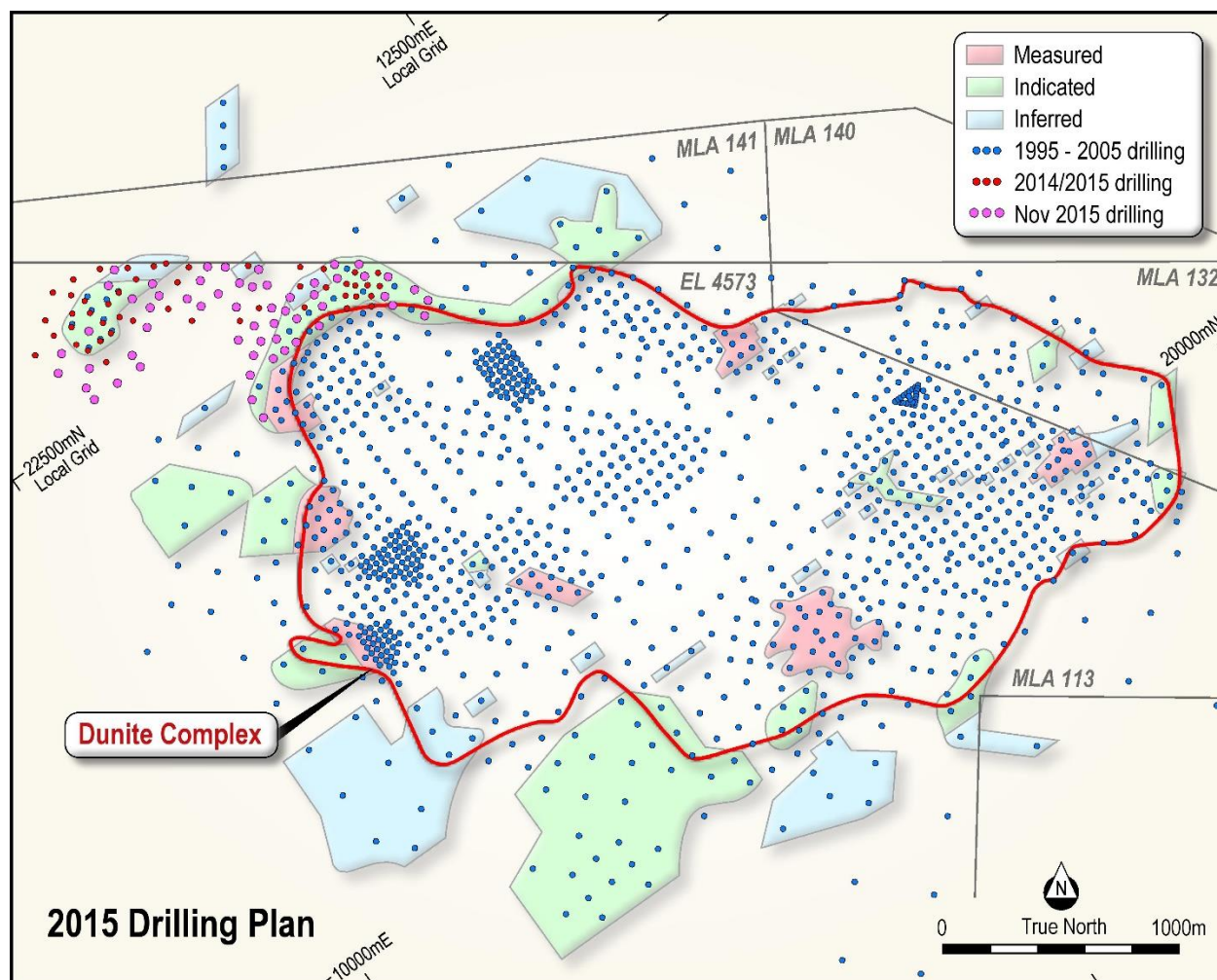
With the Feasibility Study due to be completed in June 2016, the Company will continue its work over coming months to determine offtake requirements, including timeframes for supply, as well as pricing and other commercial terms, with the aim of securing binding offtake commitments.

A 58-hole shallow vertical reverse circulation drill program was completed in November 2015 at Syerston. The drill program was primarily targeted at increasing the confidence levels of the existing high grade scandium resource¹.

The assay results of the infill drilling were well correlated with the existing data, confirming the high scandium grades of the drilled zones. The data from the program will provide the inputs for an updated scandium mineral resource, to be used as the basis for the Feasibility Study currently underway. The update to the scandium resource is expected to be completed in February 2016. Based on a preliminary review of the drill data, the update is expected to deliver a significant improvement in the confidence levels of the Syerston resource.

Of note, hole SRC1359 returned the highest recorded scandium grade found at the project to date for a 1m intersection of 1,135ppm Sc (12 to 13m depth), using the 4 acid digest ICP-MS assay method. The previous highest scandium level recorded using the same method was 1,090ppm from hole SRC1302 drilled in May 2015.

¹ For further details see ASX announcement dated 23 January 2015.



November 2015 completed holes (large pink dots) and historic holes (red and blue dots)

A number of holes were also drilled to test potential high grade extensions of the orebody. New high grade shallow zones of scandium mineralization were discovered as a result of this drilling. These areas will be considered for inclusion in the Syerston resource update which is currently underway.

For further details of the drill program please see the ASX announcement dated 21 December 2015.

During the quarter a number of key appointments were made in order to support the ongoing development of the Syerston Project including Tim Langan as Business Development Manager – Scandium, Mick Ryan as Syerston Project Manager and Tim Harrison – Principal Process Engineer.

The addition of these team members represents the start of the organisational build for the Syerston Project which could move into construction as early as Q3 2016, subject to securing off-take commitments and financing. Cash flow management continues to be balanced with the acquisition of strategically critical skills in marketing, engineering and project implementation.

Mt Morgan Gold/Copper Project

Clean TeQ and Carbine Resources Limited (ASX: CRB) entered into a memorandum of understanding in November 2014 to investigate commercial avenues for the companies to work together for the development of the Mount Morgan Gold/Copper project. As per the announcement of 15 April 2015, Clean TeQ's proprietary ion exchange

technology (Clean-iX[®]) was selected by Carbine for inclusion in the Mount Morgan Project Pre-Feasibility Study. As Carbine progresses Mt Morgan through to feasibility study stage, Clean TeQ expects to continue to work with Carbine to integrate the Clean-iX[®] process into the Mt Morgan processing flow sheet to recover copper, reducing cyanide consumption in the gold circuit, as well as producing a valuable copper by-product to improve overall project economics.

ISK

During CY15 Q1 the Company completed a campaign on Clean TeQ's Clean-iX[®] scandium recovery pilot plant at Ishihara Sangyo Kaisha Ltd's (ISK) titanium dioxide facility in Yokkaichi, Japan. The piloting work confirmed Clean TeQ's ion-exchange extraction processes' ability to recover low concentrations of scandium from intermediate process streams. Commercial discussions are ongoing in respect of the potential for Clean TeQ to provide ISK with a licence for a commercial scale Clean-iX[®] plant.

Clean TeQ Water

In October 2014 Clean TeQ signed a Heads of Agreement with Shanghai Investigation, Design and Research Institute Co. Ltd (SIDRI) in China to establish a local joint venture to open opportunities for projects in China deploying Clean TeQ's unique technology platform for water treatment. SIDRI is majority-owned by China Three Gorges Corporation, the state-owned Chinese power company responsible for construction of the Three Gorges Dam Project (the world's largest hydroelectric power plant) and one of the world's largest energy companies.

Negotiations with SIDRI on the formation of the JV are well advanced, however, the outcome of those discussions, and whether the JV will ultimately be secured, is still not certain. The formation of the JV with SIDRI remains the highest priority for the Company's Water business. Clean TeQ believes that accessing the large Chinese market via a partnership with SIDRI – a Chinese counterparty with excellent credentials and financial backing via their parent, China Three Gorges Corporation – represents an excellent opportunity for creating long term value for shareholders.

While the negotiations with SIDRI are taking longer than initially anticipated we continue to work together to resolve the issues with goodwill from both parties. In the meantime, we are in discussions with other water groups to complement the SIDRI initiative and improve our routes to market. To this end, considerable marketing and technical work is being undertaken on the refining and proving of the technology for river and wastewater water remediation.

A number of significant water purification project opportunities have been identified, both inside and outside China, in a number of key markets with a focus on treatment of waste water from mining operations. The Company will continue working towards securing commercial contracts in the near future.

Corporate

As at 30 September 2015 cash at bank was \$6.8 million with an additional \$0.3 million cash on deposit securing performance guarantees.

For more information about Clean TeQ contact:

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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 leader in metal recovery and industrial water treatment.

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.