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29 March 2017

Company Secretary  
Clean TeQ Holdings Limited  
Unit 12, 21 Howleys Road  
Notting Hill VIC 3168  
**BY EMAIL**

ashurst

AND TO:  
Market Announcements Office  
ASX Limited  
**BY ELECTRONIC LODGEMENT**

Dear Sirs

**Pengxin International Group Limited - ASIC FORM 603 Notice of Initial Substantial Holder in relation to Clean TeQ Holdings Limited ACN 127 457 916 (ASX: CLQ)**

We act for Pengxin International Group Limited (**Pengxin International**).

On behalf of Pengxin International, we **enclose** an ASIC Form 603 Notice of initial substantial holder in relation to Clean TeQ Holdings Limited ACN 127 457 916.

Yours faithfully



**Ashurst Australia**

Enc

**Form 603**  
Corporations Act 2001  
Section 671B

## Notice of initial substantial holder

To Company Name/Scheme Clean TeQ Holdings Limited (CLQ)

ACN/ARSN 127 457 916

### 1. Details of substantial holder (1)

Name Pengxin International Group Limited (Pengxin International)

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 27 / 3 / 2017

### 2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary Shares	92,518,888	92,518,888	16.19%

### 3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Pengxin International	Pengxin International subscribed for shares in CLQ pursuant to the Subscription Agreement annexed to this notice and marked as Annexure A	92,518,888 Ordinary Shares
Pengxin International Mining Co., Ltd (Pengxin Mining)	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act 2001 (Cth) ( <b>Corporations Act</b> ) in shares held by Pengxin International as Pengxin Mining wholly owns Pengxin International.	92,518,888 Ordinary Shares
Shanghai Pengxin Group Co., Ltd (Shanghai Pengxin)	Relevant interest arising pursuant to section 608(3)(a) of the Corporations Act in the relevant interest held by Pengxin Mining as Shanghai Pengxin has voting power above 20% in Pengxin Mining	92,518,888 Ordinary Shares
Nantong Yingxin Investment Co., Limited (Nantong Yingxin)	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Shanghai Pengxin as Nantong Yingxin holds a controlling interest in Shanghai Pengxin	92,518,888 Ordinary Shares
Mr Zhaobai Jiang	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Nantong Yingxin as Mr Jiang holds a controlling interest in Nantong Yingxin	92,518,888 Ordinary Shares
Shanghai Pengxin Mining Investment Co., Ltd. (Shanghai Pengxin Mining Investment)	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as Shanghai Pengxin Mining Investment Co is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares
Shanghai Pengxin Technology Development Co., Ltd (Pengxin Technology)	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as Pengxin Technology is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares
Peng He International Trade Co., Ltd (Peng He International)	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as Peng He International is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares
Shanghai Pengyu International Trade Co., Ltd (Pengyu International)	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as Pengyu International is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares

Pengxin Technology Investment Limited ( <b>Pengxin Technology Investment</b> )	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as Pengxin Technology Investment is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares
Hongkong Peng He International Trade Co., Ltd ( <b>HK Peng He</b> )	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as HK Peng He is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares
XinPeng International Trade Co., Ltd ( <b>XinPeng International</b> )	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as XinPeng International is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares
East China Capital Holdings Limited ( <b>East China Capital</b> )	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as East China Capital is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares
Shituru Mining Corporation S.A.S ( <b>Shituru Mining</b> )	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as Shituru Mining is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares
Pengxin Mining Investment Co., Ltd. ( <b>Pengxin Mining Investment</b> )	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as Pengxin Mining Investment is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares
Dazi Pengxin International Mining Investment Co., Ltd ( <b>Dazi Pengxin</b> )	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as Dazi Pengxin is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares
Shanghai Pengjia Asset Management Co., Ltd ( <b>Pengjia Asset Management</b> )	Relevant interest arising pursuant to section 608(3)(b) of the Corporations Act in the relevant interest held by Pengxin Mining as Pengjia Asset Management is a subsidiary of Pengxin Mining	92,518,888 Ordinary Shares

#### 4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Pengxin International	Pengxin International	Pengxin International	92,518,888 Ordinary Shares
Pengxin Mining			
Shanghai Pengxin			
Nantong Yingxin			
Mr Zhaobai Jiang			
Shanghai Pengxin Mining Investment			
Pengxin Technology			
Peng He International			
Pengyu International			
Pengxin Technology Investment			
HK Peng He			
XinPeng International			
East China Capital			
Shituru Mining			
Pengxin Mining Investment			
Dazi Pengxin			
Pengjia Asset Management			

#### 5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
Pengxin International	27 March 2017	Cash	Non-cash	92,518,888 Ordinary



		\$81,416,621.44		Shares
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## 6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Pengxin Mining	Pengxin Mining wholly owns Pengxin International
Shanghai Pengxin	Associate of Pengxin Mining pursuant to section 12(2)(a) of the Corporations Act
Nantong Yingxin	Associate of Shanghai Pengxin pursuant to section 12(2)(a) of the Corporations Act
Mr Zhaobai Jiang	Associate of Nantong Yingxin pursuant to section 12(2)(a) of the Corporations Act
Shanghai Pengxin Mining Investment	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act
Pengxin Technology	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act
Peng He International	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act
Pengyu International	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act
Pengxin Technology Investment	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act
HK Peng He	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act
XinPeng International	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act
East China Capital	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act
Shituru Mining	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act
Pengxin Mining Investment	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act
Dazi Pengxin	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act
Pengjia Asset Management	Associate of Pengxin Mining pursuant to section 12(2) of the Corporations Act

## 7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Pengxin International	Flat/RM 1606 16/F, China Insurance Group Building, No.139-141 Des Voeux Road, Central Hong Kong
Pengxin Mining	Room 2280, 2299 North Zhongshan Road, Putuo District, Shanghai, China
Each subsidiary of Pengxin Mining	Building 47, 2188 Hongqiao Road, Changning District, Shanghai, China
Shanghai Pengxin	65 Xiushan Road, Chongming County, Shanghai, China
Nantong Yingxin	79 Ruixin Road, Development Zone, Nantong, Jiangsu, China
Mr Zhaobai Jiang	Building 57, 2188 Hongqiao Road, Changning District, Shanghai, China

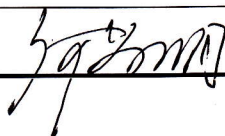
## Signature

print name He Chang Ming

capacity Director

sign here

date 29/3/17



## DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.

See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.

- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

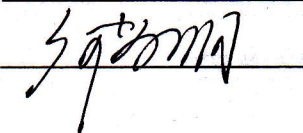
**Annexure A**

This is the Annexure A of 19 pages referred to in Form 603: Notice of initial substantial shareholder. The attached agreement is a true copy of the subscription agreement between Pengxin International Group Limited and CleanTeQ Holdings Limited dated 28 February 2017

print name He Chang Ming

capacity Director

sign here



date

29/3/17



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## Subscription Agreement

Clean TeQ Holdings Limited

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Baker & McKenzie  
ABN 32 266 778 912  
Level 19  
181 William Street  
Melbourne VIC 3000  
Australia  
[www.bakermckenzie.com](http://www.bakermckenzie.com)  
Richard Lustig/Matthew Collins  
1941674

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**Title**                      **Subscription Agreement**

**Parties**                **The person named in item 1 of Schedule 1** of the address set out in item 2 of Schedule 1 (**Subscriber**)

**Clean TeQ Holdings Limited** (ACN 127 457 916) of Unit 12, 21 Howleys Road, Notting Hill VIC 3168 (**Company**)

**Date**                    28 February 2017

## **Recital**

The Subscriber wishes to subscribe, or nominate a Nominee Subscriber to subscribe, for, and the Company wishes to issue, the Placement Shares on the terms contained in this Agreement.

## **Operative provisions**

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### **1. Definitions and interpretation**

#### **Definitions**

1.1      In this Agreement, unless the context otherwise requires another meaning:

**Associate** has the meaning given to it in section 11 of the Corporations Act.

**ASX** means ASX Limited or the stock exchange operated by it (as the context requires).

**ASX Listing Rules** means the Listing Rules of ASX.

**ASX Waiver** has the meaning given in clause 7.1(a).

**Board** means the board of directors of the Company.

**Business Day** means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Melbourne.

**Claim** means any claim, action, proceeding or demand made against the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

**Completion** means completion of the subscription for, and issue of, the Placement Shares under clause 4, and "**Complete**" has a corresponding meaning.

**Completion Date** means 31 March 2017.

**Constitution** means the constituent documents of the Company in force from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Encumbrance** means:

(a)      a security interest that is subject to the *Personal Property Securities Act 2009* (Cth);

- (b) any other mortgage, charge, pledge or lien; or
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation or which gives a creditor priority over unsecured creditors in relation to any property.

**Fully Diluted Share Capital** means, at any particular time, the number of Shares equal to the sum of:

- (a) the total number of Shares on issue at that time; and
- (b) the total number of Shares that would be on issue if all securities that are immediately convertible into Shares that are outstanding at that time were converted into Shares,

excluding all Shares that have been issued or that would, if converted at that time into Shares, have been issued in circumstances where the Subscriber or Nominee Subscriber has not had an opportunity to subscribe for or be issued the number of Shares that would have maintained its percentage ownership in the Company calculated on the basis of the Fully Diluted Share Capital.

**Government Agency** means any government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere.

**Insolvency Event** means any of the following:

- (a) for any body corporate:
  - (i) an order is made, or a resolution is passed for the winding up, dissolution or administration of it or one of its Related Bodies Corporate;
  - (ii) it institutes any proceedings or arrangements for the liquidation of, or a receiver is appointed to, it or one of its Related Bodies Corporate;
  - (iii) a receiver, a receiver and manager, administrator or similar officer is appointed over or a distress or execution is levied over the assets of it or one of its Related Bodies Corporate;
  - (iv) it, or one of its Related Bodies Corporate, suspends payment of its debts or is unable to pay its debts as and when they fall due;
  - (v) it, or one of its Related Bodies Corporate, makes or offers to make an arrangement with its creditors or a class of them; and
- (b) for any individual:
  - (i) the person has a bankruptcy notice issued against the person;
  - (ii) a receiver or a trustee for creditors or in bankruptcy is appointed to any of the person's property;
  - (iii) the person is unable to pay all of the person's debts as they fall due or is presumed to be insolvent under any applicable law; and
  - (iv) the person dies, is imprisoned or becomes incapable of managing his or her own affairs; and
- (c) any analogous event occurs under the law of another country.

**Nominee Subscriber** means a Related Body Corporate of the Subscriber nominated by the Subscriber to subscribe for the Placement Shares.

**Party** means a party to this Agreement.

**Placement Consideration** means the amount set out in Item 3 of Schedule 1.

**Placement Shares** means the number of Shares in the Company as set out in Item 5 of Schedule 1.

**Related Body Corporate** has the meaning given to it in the Corporations Act.

**Shares** means fully paid ordinary shares in the capital of the Company.

**Subscriber Nominee** means any person appointed in accordance with clause 4.4(e) or clause 5.2.

**Termination Fee** means the amount set out in Item 4 of Schedule 1.

**10% Holding Requirement** means at any particular time, the aggregate number of Shares held by the Subscriber or the Nominee Subscriber being at least 10% or more of the Fully Diluted Share Capital.

## Interpretation

### 1.2 In this Agreement:

- (a) unless the context otherwise requires, a reference:
  - (i) to the singular includes the plural and vice versa;
  - (ii) to a gender includes all genders;
  - (iii) to a document (including this Agreement) is a reference to that document (including any Schedules and Annexures,) as amended, consolidated, supplemented, novated or replaced;
  - (iv) to an agreement includes any agreement or legally enforceable arrangement or understanding whether written or not;
  - (v) to a person (including any Party) includes a reference to an individual, company, body corporate, association, partnership, firm, joint venture, trust or Government Agency as the case requires, and the person's successors, permitted assigns, executors and administrators;
  - (vi) to a law or a rule:
    - (A) includes a reference to any constitutional provision, subordinate legislation, treaty, decree, convention, statute, regulation, rule, ordinance, proclamation, by-law, judgment, rule of common law or equity or rule of any applicable stock exchange;
    - (B) is a reference to that law or rule as amended, consolidated, supplemented or replaced; and
    - (C) is a reference to any regulation, rule, ordinance, proclamation, by-law or judgment made under that law;
  - (vii) to liquidation includes official management, appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up,

dissolution, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death;

- (viii) to a currency amounts is a reference to Australian dollars; and
- (ix) to a time is a reference to Melbourne, Australia time;
- (b) headings are for convenience only and are ignored in interpreting this Agreement;
- (c) if a payment or other act must (but for this clause) be made or done on a day which is not a Business Day, then it must be made or done on the next Business Day;
- (d) the words "including" or "includes" mean "including but not limited to" or "including without limitation";
- (e) where a word or phrase is defined, its other grammatical forms have a corresponding meaning; and
- (f) this Agreement must not be construed adversely to a Party solely because that Party or its legal counsel were responsible for preparing it.

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## **2. Placement Shares**

### **Placement**

- 2.1 On the Completion Date the Subscriber or the Nominee Subscriber must subscribe for the Placement Shares for the Placement Consideration.

### **Bound by Constitution**

- 2.2 The Parties agree that the Subscriber or the Nominee Subscriber (as applicable) will be deemed to be bound by the Constitution on issue to it of the Placement Shares.

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## **3. Subscriber's obligation to Complete**

- 3.1 The Subscriber is not required to Complete if:
- (a) the Company is subject to an Insolvency Event; or
  - (b) a Company warranty is not correct in a material respect, or is misleading in a material respect.

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## **4. Completion**

### **Time and place of Completion**

- 4.1 Completion will take place on the Completion Date at 10.00am at the offices of Baker McKenzie at Level 19, 181 William Street, Melbourne, Victoria or such other place and time to be agreed by the Parties in writing.

### **Subscriber's obligations at Completion**

- 4.2 The Subscriber must, on Completion:



- (a) deliver to the Company an application for the Placement Shares duly completed and executed by either the Subscriber or the Nominee Subscriber; and
- (b) pay the Placement Consideration in immediately available funds by way of bank cheque or electronic transfer to the bank account nominated by the Company.

### **Company obligations at Completion**

- 4.3 The Company must at Completion allot and issue the Placement Shares and deliver an irrevocable direction to the Company's share registry to promptly enter the Subscriber's name or the Nominee Subscriber (as applicable) in the Company's register of members as the holder of the Placement Shares.

### **Company obligations following Completion**

- 4.4 The Company must:

- (a) within two business hours of Completion, take all steps to procure the delivery to the Subscriber of confirmation through the "Issuer Online" system that the Placement Shares issue and allotment process has commenced;
- (b) as soon as practicable after Completion, apply for quotation for the Placement Shares on the ASX and do all things reasonably necessary to ensure that the Placement Shares are quoted as soon as practicable on such terms and conditions as are usual for quotation of securities;
- (c) as soon as practicable after Completion and in any event within 5 Business Days after the Completion Date, issue a notice which complies with section 708A(6) of the Corporations Act;
- (d) within two Business Days following Completion, take all steps to procure the delivery to the Subscriber of a holding statement that the Placement Shares have been issued and allotted to the Subscriber or Nominee Subscriber with effect from the Completion Date;
- (e) as soon as practicable after Completion and in any event within 5 Business Days after the Completion Date, ensure that the Board appoints two nominees of the Subscriber to the Board, namely:
  - (i) Mr Jiang Zhaobai as non-executive co-chairman of the Board (joining current co-chairman of the Board Robert Friedland); and
  - (ii) a second person to be nominated by the Subscriber as a non-executive director,
 (each a **Subscriber Nominee** and together, the **Subscriber Nominees**) subject to each Subscriber Nominee having first provided a written consent to act; and
- (f) as soon as practicable after Completion and in any event within 5 Business Days after the Completion Date, ensure that current co-chairman of the Board and CEO Sam Riggall ceases being co-chairman of the Board and takes up the revised position of Managing Director.

### **Obligations interdependent**

- 4.5 The obligations of the Parties in respect of Completion are interdependent and all actions required to be performed at Completion will be taken to have occurred simultaneously on the Completion Date. If one Party is not ready and able to perform an action required to be

performed by it at Completion, then without prejudice to any rights available to any Party as a consequence:

- (a) there is no obligation on any other Party to undertake or perform any of the other actions; and
- (b) the Parties must each return to the other all documents delivered to it under clause 4 and must each repay to the other all payments received by it under clause 4, without prejudice to any other rights any Party may have in respect of that failure.

## **Waiver**

- 4.6 The Company may, in its sole discretion, waive any or all of the actions that the Subscriber is required to perform under clause 4 and the Subscriber may, in its sole discretion, waive any or all of the actions that the Company is required to perform under clause 4.

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## **5. Re-election of directors**

- 5.1 Subject to clause 5.4, the Company must ensure that the Board (other than the Subscriber Nominees) takes all reasonable steps to recommend unanimously the re-election of each Subscriber Nominee to the Board as directors at any general meeting of the Company at which that Subscriber Nominee is standing for re-election, except to the extent any director of the Company acting in good faith, after having obtained written advice from the Company's external legal advisers, determines that such recommendation would, or would be likely to, involve a breach of the director's fiduciary or statutory duties or a breach of a regulatory requirement, subject to the relevant Subscriber Nominee satisfying the eligibility requirements under the Constitution, Corporations Act and ASX Listing Rules for re-election as a director of the Company.
- 5.2 Subject to clause 5.4, if a Subscriber Nominee appointed under clause 4.4(e) or a Subscriber Nominee appointed under this clause 5.2 ceases to be a director of the Company for any reason, the Company must ensure that:
- (a) the Board appoints another individual nominated by the Subscriber as a Subscriber Nominee to the Board as a director; and
  - (b) the Board (other than the Subscriber Nominees) takes all reasonable steps to recommend unanimously the election or re-election of the replacement Subscriber Nominee as a director at any general meeting of the Company at which that replacement Subscriber Nominee is standing for election or re-election, except to the extent any director of the Company, acting in good faith, after having obtained written advice from the Company's external legal advisers, determines that such recommendation would, or would be likely to, involve a breach of the director's fiduciary or statutory duties or a breach of a regulatory requirement,
- subject to the relevant Subscriber Nominee satisfying the eligibility requirements under the Constitution, Corporations Act and ASX Listing Rules for appointment or election as a director of the Company (including the provision of a written consent to act).
- 5.3 Subject to clause 5.4, the Subscriber may, at any time and in its absolute discretion, remove a Subscriber Nominee and nominate a replacement Subscriber Nominee, in respect of whom the Company's obligations pursuant to clause 5.2 will apply.
- 5.4 If the Subscriber or the Nominee Subscriber fail to satisfy the 10% Holding Requirement, and that failure continues for three consecutive months:

- (a) the operation of clauses 5.1 to 5.3 will cease; and
- (b) the Subscriber will immediately procure that both Subscriber Nominees tender to the Company their resignation from the Board with immediate effect.

5.5 From the date that is 5 years after Completion:

- (a) following a written request from the Company, the Subscriber will immediately procure that one Subscriber Nominee tenders to the Company his or her resignation from the Board with immediate effect; and
- (b) the operation of clauses 5.1 to 5.3 will cease if a Subscriber Nominee is not elected or re-elected at a general meeting of the Company at which a Subscriber Nominee is standing for election or re-election (provided that the Company has complied with clauses 5.1 to 5.3 in recommending election or re-election, convening and holding that general meeting);
- (c) if the Subscriber or the Nominee Subscriber fail to hold at least 15% of the Fully Diluted Share Capital and that failure continues for three consecutive months:
  - (i) the operation of clauses 5.1 to 5.3 will cease; and
  - (ii) the Subscriber will immediately procure that each (if more than one Subscriber Nominee is a director) Subscriber Nominee tenders to the Company his or her resignation from the Board with immediate effect.

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## 6. Strategic relationship

- 6.1 The Parties acknowledge that the issue to the Subscriber or Nominee Subscriber (as applicable) of the Placement Shares forms part of the establishment of a strategic relationship between the Subscriber and the Company, including but not limited to those strategic benefits listed in clause 6.2.
- 6.2 The Subscriber agrees to use its best endeavours in good faith to, at the request of the Company from the Completion Date:
  - (a) **(nickel and cobalt off-take agreements)** assist the Company to procure nickel and cobalt off-take agreements in China with leading cathode and battery manufacturers;
  - (b) **(scandium oxide marketing)** assist the Company to market scandium oxide to China's aluminium, aerospace and automotive industries including discussing the establishment of a marketing committee with representatives of both the Company and the Subscriber;
  - (c) **(Chinese project debt financing)** assist the Company, and procure that its parent companies use their best endeavours to assist the Company, to procure Chinese project debt to assist in the financing of the Syerston Project for a material portion of the capital cost of the project; and
  - (d) **(existing water treatment business)** assist the Company to develop its water treatment business in China through its connections, including sharing expertise and networking assistance.

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## **7. Anti-dilution rights**

### **ASX Waiver - Company obligations**

7.1 The Company must:

- (a) as soon as reasonably practicable and in any event no later than five Business Days after the date of this Agreement, provide the Subscriber with a draft application for a waiver of ASX Listing Rule 6.18 to allow the Company to comply with its obligations, and for the Subscriber to exercise its rights, under this clause 7(**ASX Waiver**);
- (b) include all reasonable comments that the Subscriber provides on the draft application for the ASX Waiver, provided those comments are received before the date that is 10 Business Days after the date of this Agreement;
- (c) lodge the final application for the ASX Waiver by no later than 15 Business Days after the date of this Agreement and provide a copy to the Subscriber as lodged;
- (d) use reasonable endeavours to procure that the ASX Waiver is granted as soon as practicable after the date of this Agreement; and
- (e) keep the Subscriber reasonably informed of the progress of the ASX Waiver, including providing:
  - (i) copies of all material correspondence with the ASX relating to the ASX Waiver to the Subscriber; and
  - (ii) updates on any circumstances which may prevent the ASX Waiver being granted on the terms applied for.

### **ASX Waiver - Subscriber obligations**

7.2 The Subscriber must use its best endeavours to assist the Company in obtaining the ASX Waiver as soon as practicable after the date of this Agreement.

### **Further Share issues**

7.3 Subject to clause 7.4 and subject to any necessary regulatory approvals, if the Company issues any new Shares between the Completion Date and the date 3 years from the Completion Date:

- (a) the Company must also offer the Subscriber (on substantially the same terms of issue including as to price) the number of Shares equivalent to the Subscriber's pro rata entitlement such that the percentage holding of the Subscriber then held in the issued capital of the Company is not reduced below that level; and
- (b) subject to clause 7.4, it is agreed by both the Subscriber and the Company that the objective of this clause 7.3 is to enable the Subscriber to ensure that its percentage shareholding in the Company held at the time of any issue of new Shares is not diluted.

### **Exceptions**

7.4 The obligation on the Company in clause 7.3 does not apply to any issues of new Shares if:

- (a) the issue is an issue of Shares or options to acquire Shares under an employee incentive scheme;



- (b) the issue is an issue of Shares or options to acquire Shares made as provision of consideration (in whole or in part) for the acquisition of shares in an entity by way of takeover or scheme of arrangement by the Company or one of its Related Bodies Corporate or other analogous control transaction;
- (c) the Subscriber ceases to satisfy the 10% Holding Requirement;
- (d) such issue of new Shares to the Subscriber requires the approval of shares of the Company under any applicable law or ASX Listing Rule and such shareholder approval is not obtained (provided the Company used its best endeavours to seek and obtain such approval);
- (e) an issue of Shares of less than 1% of the Fully Diluted Share Capital; or
- (f) an issue of Shares by way of a share purchase plan capable of acceptance by up to A\$15,000 per shareholder.

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## **8. Standstill**

### **Standstill**

8.1 Subject to clause 8.2, except with the Company's prior written consent, the Subscriber must not, and must ensure that its Related Bodies Corporate do not, directly or indirectly, for a period of 5 years from the date of this Agreement (unless the Agreement is terminated earlier), in any manner:

- (a) acquire, purchase or agree or announce an intention to acquire or purchase any legal or beneficial ownership of any Shares or other securities in the Company;
- (b) make or cause to make any offer, invitation, initiation or solicitation for any legal or beneficial ownership of any Shares or other securities in the Company;
- (c) solicit proxies from shareholders of the Company or any of their Associates or otherwise seek to influence their ownership interests in the Company;
- (d) enter into any agreement or arrangement of any kind or assist in any way with any person relating to or connected with any offer, invitation, initiation or solicitation relating to any legal or beneficial ownership of any Shares or other securities in the Company;
- (e) solicit, initiate or enter into any discussions or negotiations with any person other than the Company in relation to any agreement, arrangement, proposal, expression of interest, interest or offer under which the Subscriber or any of its Related Bodies Corporate may acquire (whether by acquisition of shares, capital reconstruction, acquisition of assets or otherwise) all or part of the business or the assets or shares of the Company; or
- (f) aid, abet, counsel or induce any other person in doing any of the things mentioned in paragraphs (a) to (d) of this clause 8.1,

to the extent to which the Subscriber would have a relevant interest in more than 28% of the Shares.

## **Exceptions to standstill**

- 8.2 Clause 8.1 does not prevent the Subscriber or its Related Bodies Corporate or Associates or any of them from acquiring, or offering or agreeing to acquire Shares or other securities in the Company by:
- (a) a takeover offer to all shareholders of the Company where the Board has approved or recommended the making of that offer;
  - (b) the implementation, negotiation or entry into a scheme of arrangement by the Company in accordance with section 411 of the Corporations Act;
  - (c) an acquisition by way of takeover offer if a third party independent of the Subscriber has offered or agreed to acquire or announced an intention to acquire the Shares by way of takeover offer or scheme of arrangement;
  - (d) any acquisition made pursuant to:
    - (i) a rights issue by the Company, including in respect of any shortfall facility; or
    - (ii) any other issue of securities provided by the Company provided it is approved by the majority of the directors of the Company (excluding the Subscriber Nominees); or
  - (e) an acquisition permitted under item 7 of section 611 of the Corporations Act.
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## **9. Warranties**

### **Mutual warranties**

- 9.1 Subject to the terms of this Agreement, each Party warrants and represents to each other Party that each of the following statements is true, correct and not misleading on the date of this Agreement and will be so at all times before and including the Completion Date:
- (a) it has full and lawful authority to execute and deliver this Agreement and to perform or cause to be performed its obligations under this Agreement;
  - (b) this Agreement constitutes a full and binding legal obligation upon it;
  - (c) this Agreement does not conflict with or result in the breach of or default under any provision of its constituent documents (if applicable) or any material term or provision of any agreement, deed, writ, order, injunction, rule, judgment, law or regulation to which it is a party or is subject or by which it is bound;
  - (d) it has obtained all authorisations and approvals necessary for it lawfully to enter into and perform its obligations under this Agreement; and
  - (e) it is not subject to any Insolvency Event.

### **Subscriber's warranty**

- 9.2 The Subscriber warrants and represents to the Company that it has had the opportunity to conduct due diligence in respect of the Company and its Related Bodies Corporate and has satisfied itself in relation to matters arising from the due diligence.

## **Company's warranties**

- 9.3 The Company warrants and represents that on their allotment and issue at Completion, the Placement Shares will rank on an equal footing in all respects with the then existing issues shares of the same class in the capital of the Company.
- 9.4 On allotment and issue of the Placement Shares on Completion, the Subscriber or the Nominee Subscriber will be the holder of the Placement Shares free from any Encumbrance or third party interest.
- 9.5 The issue of the Placement Shares will not breach ASX Listing Rule 7.1, or any other ASX Listing Rule.
- 9.6 As at the date of this Agreement, the Company has complied with its obligations under ASX Listing Rule 3.1 and there is no information to which ASX Listing Rules 3.1A.1, 3.1A.2 or 3.1A.3 apply.
- 9.7 There are no escrow or other provisions restricting the on-sale of all or any of the Placement Shares by the Subscriber or the Nominee Subscriber (as applicable) and the Subscriber or Nominee Subscriber (as applicable) will be able to rely on section 708A(5) of the Corporations Act.

## **Update of disclosures**

- 9.8 If, after the date of this Agreement and prior to Completion, the Company becomes aware of any circumstance which would cause a warranty provided above to not be true and accurate, or to be misleading in a material respect it will promptly give a notice to the Subscriber detailing the nature and effect of the change of circumstance.

## **Separate**

- 9.9 Each representation and warranty in this Agreement is to be construed independently of each other representation and warranty in, and each other provision of, this Agreement. The interpretation of any statement made may not be restricted by reference to or inference from any other statement.

## **No extinguishment**

- 9.10 The warranties provided in this clause 9 are not extinguished or affected by any event or matter unless:
- (a) the Subscriber has given a specific written waiver or release;
  - (b) the Claim relates to a matter which was fully disclosed to the Subscriber before the date of this Agreement; or
  - (c) the Claim relates to a thing done or not done after the date of this document at the request or with the approval of the Subscriber.

## **Acknowledgements**

- 9.11 The Parties acknowledge that each Party has entered into this Agreement in reliance on the warranties given by the other Party.
- 9.12 The Company does not make any representations or warranties that any estimates, projections, forecasts or other forward looking information, if any, provided to the Subscriber is accurate or complete or will be achieved.

- 9.13 Each of the Subscriber and the Guarantor acknowledge and agree that the only representations and warranties on which it has relied upon in entering into this Agreement and undertaking the transactions contemplated by this Agreement are the warranties set out in clause 9.1 and 9.2.

### **Limitation of liability**

- 9.14 To the maximum extent permitted by law, the Subscriber must not make any claim under or in connection with this Agreement unless it is based solely on and limited to a warranty given under this Agreement, and the Subscriber represents and warrants to the Company that it will not make any such claim.

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## **10. Confidentiality and announcements**

### **Public announcements**

- 10.1 Subject to clause 10.2, no Party may make an announcement or disclose information relating to the subject matter of this Agreement other than to its own representatives unless the announcement or disclosure has the prior approval of the other Party.

### **Public announcements required by law**

- 10.2 Clause 10.1 does not apply to a public announcement or disclosure required by law or a regulation of a stock exchange or any Government Agency.

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## **11. Termination**

### **Termination events**

- 11.1 Without limiting any other provision of this Agreement, this Agreement may be terminated:
- (a) by either the Company or the Subscriber, if the other is in material breach of any clause of this Agreement, provided that either the Company or the Subscriber, as the case may be, has given notice to the other setting out the relevant circumstances and stating an intention to terminate and the relevant circumstances continue to exist for 10 Business Days after the time such notice is given;
  - (b) by the Company, if the Subscriber does not on Completion provide the Company with the Placement Consideration in accordance with clause 4.2(b);
  - (c) by the Subscriber, if the Company has not allotted or issued the Placement Shares to it or the Nominee Subscriber (as applicable) in accordance with clause 4.3;
  - (d) by the Subscriber, if the Company becomes subject to an Insolvency Event; or
  - (e) if agreed to in writing by the Company and the Subscriber.

### **Termination**

- 11.2 Where a Party has a right to terminate this Agreement, that right may be exercised by the Party delivering a notice in writing to the other Party stating that it terminates this Agreement.

### **Effect of Termination**

- 11.3 In the event that a Party terminates this Agreement in accordance with this clause 11, or if this Agreement otherwise terminates in accordance with its terms, then in either case all further obligations of the Parties under this Agreement, other than the obligations set out in



clauses 10 to 13, will immediately cease to be of further force and effect without further liability of any Party to the other, provided that;

- (a) nothing in this clause releases any Party from liability for any pre-termination breach of this Agreement; and
- (b) in the case of a material breach by the Subscriber of its obligations under this Agreement which the Parties agree includes a failure to pay the Placement Consideration at Completion, the Subscriber must pay the Termination Fee to the Company within 5 Business Days of termination of this Agreement.

### **Acknowledgement regarding Termination Fee**

11.4 The Subscriber acknowledges that the Termination Fee represents a genuine and reasonable pre-estimate of the amount to compensate the Company for the following:

- (a) advisory costs and fees;
- (b) internal costs of a similar kind (including directors and management time costs, risk management costs, capital costs);
- (c) out of pocket expenses incurred by employees, advisers and agents of the Company;
- (d) reasonable opportunity costs in not pursuing alternative strategic initiatives; and
- (e) any damage to the reputation of the Company associated with a failed transaction and the implications of this damage if the Company seeks to execute alternative transactions in the future.

11.5 The Company acknowledges and agrees that the maximum aggregate liability of the Subscriber for all Claims made or brought by the Company under or in connection with this Agreement or the transactions contemplated by it, is limited to an amount equal to the Termination Fee.

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## **12. Notices**

### **Requirements**

12.1 All notices must be:

- (a) in legible writing and in English;
- (b) addressed to the recipient at the address or email address set out below or to such other address or email address as that Party may notify to the other parties:

to the Subscriber:

Address: As set out in item 2 of Schedule 1

Attention: [REDACTED]

Email address: [REDACTED]

to the Company:

Address: Unit 12, 21 Howleys Road, Notting Hill VIC 3168

Attention: [REDACTED]

Email address: [REDACTED]

- (c) signed by the Party or where the sender is a company by an officer of that company or under the common seal of that company; and
- (d) sent to the recipient by hand, prepaid post (airmail) or email.

## **Receipt**

12.2 Without limiting any other means by which a Party may be able to prove that a notice has been received by another Party, a notice will be deemed to be duly received:

- (a) if sent by hand when left at the address of the recipient;
- (b) if sent by pre-paid post, 5 days after the date of posting; or
- (c) if sent by email, when the sender receives an automated message confirming delivery; or four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered, whichever happens first,

but if a notice is served by hand, or is sent by email on a day which is not a Business Day, or after 5.00pm on a Business Day, recipient's local time the notice is deemed to be duly received by the recipient at 9.00am on the first Business Day after that day.

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## **13. General provisions**

### **Entire agreement**

- 13.1 This Agreement and any documents referred to in this Agreement is the entire agreement of the Parties about the subject matter of this Agreement and supersedes all other representations, negotiations, arrangements, understandings or agreements and all other communications.
- 13.2 No Party has entered into this Agreement relying on any representations made by or on behalf of the other, other than those expressly made in this Agreement.

### **Further assurances**

- 13.3 Each Party must, at its own expense, whenever reasonably requested by the other Party, promptly do or arrange for others to do, everything reasonably necessary to give full effect to this Agreement and the transactions contemplated by this Agreement.

### **No merger**

- 13.4 The warranties, other representations and covenants by each Party in this Agreement are continuing and will not merge or be extinguished on Completion.

### **Costs**

- 13.5 Each Party must pay its own costs in relation to the preparation, negotiation and execution of this Agreement and the documents and transactions contemplated by this Agreement.

### **Assignment**

- 13.6 Except as otherwise provided in this Agreement, a Party must not assign, create an interest in, specify any other restrictions or deal in any other way with any of its rights under this Agreement without the prior written consent of the other Party.

### **Invalid or unenforceable provisions**

- 13.7 If a provision of this Agreement is invalid or unenforceable in a jurisdiction:
- (a) it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability; and
  - (b) that fact does not affect the validity or enforceability of:
    - (i) that provision in another jurisdiction; or
    - (ii) the remaining provisions.

### **Waiver and exercise of rights**

- 13.8 A waiver of a provision of or of a right under this Agreement is binding on the Party granting the waiver only if it is given in writing and is signed by the Party or an authorised officer of the Party granting the waiver.
- 13.9 A waiver is effective only in the specific instance and for the specific purpose for which it is given.
- 13.10 A single or partial exercise of a right by a Party does not preclude another exercise or attempted exercise of that right or the exercise of another right.
- 13.11 Failure by a Party to exercise or delay in exercising a right does not prevent its exercise or operate as a waiver.

### **Amendment**

- 13.12 This Agreement may be amended only by a document signed by all Parties.

### **Counterparts**

- 13.13 This Agreement may be signed in counterparts and all counterparts taken together constitute one document.

### **Governing law**

- 13.14 This Agreement is governed by the laws of the State of Victoria, Australia.

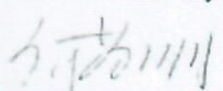
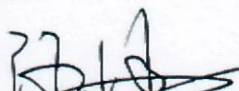
### **Jurisdiction**

- 13.15 Each Party irrevocably and unconditionally:
- (a) submits to the non-exclusive jurisdiction of the courts of the State of Victoria, Australia; and
  - (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

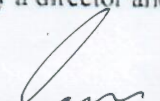
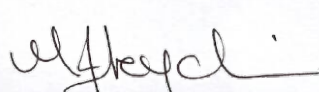
## Execution

Executed as an agreement.

Signed by  
the person set out in item 1 of  
Schedule 1  
by a director and secretary/director:

	
_____ Signature of director	_____ Signature of secretary/director
<u>He Chang Ming</u>	<u>WANGHAN</u>
_____ Name of director (please print)	_____ Name of secretary/director (please print)

Signed by  
**Clean TeQ Holdings Limited**  
by a director and secretary/director:

	
_____ Signature of director	_____ Signature of secretary/director
<u>Sam Riggall</u>	<u>Melanie Leydin</u>
_____ Name of director (please print)	_____ Name of secretary/director (please print)



## Schedule 1

### Placement Details

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Item 1 – Subscriber	Pengxin International Group Limited
Item 2 – Address of Subscriber	Flat/RM 1606 16/F China Insurance Group Building No.139-141 Des Voeux Road C Central Hong Kong
Item 3 – Placement Consideration	A\$81,416,621.44 (A\$0.88 per Placement Share)
Item 4 - Termination Fee	A\$4,000,000
Item 5 - Number of Placement Shares	92,518,888
Item 6 - Subscriber person to whom notices should be sent	██████████
Item 7 – Email address of Subscriber	██

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