

31 July 2020

## Asset Write Down Expected

**MELBOURNE, Australia** – Clean TeQ Holdings Limited (**Clean TeQ** or **Company**) (ASX/TSX:CLQ; OTCQX:CTEQF) expects to recognise a non-cash write down of the carrying value of its Sunrise Project and project-related assets of approximately \$A180 million in the 30 June 2020 full-year financial results based on a preliminary review of the carrying value of non-current assets undertaken by the Company.

The Company has been progressing the Project Execution Plan (**PEP**) in conjunction with Fluor Australia Pty Ltd, part of the Fluor global engineering group headquartered in Irving, Texas. As previously advised, the PEP deliverables include an update to the 2018 Definitive Feasibility Study (**DFS**) outputs including the production forecast, resources, reserves and operating cost estimates for the Project as well as a revised master schedule. Although the PEP deliverables are not yet complete, in preparing the 30 June 2020 full-year financial results the Company has undertaken a review of the carrying value of the Sunrise Project assets based on a conservative best estimate of what the probable PEP outcomes will be as well as highly conservative macroeconomic assumptions including forecast metal prices.

The PEP work scope includes a detailed re-estimation of the Project's capital development cost, incorporating the latest engineering and design work. Updated vendor pricing for key equipment packages is being obtained for virtually all major equipment packages. Materials and labour costs are being re-estimated based on updated quantities and current market rates. As the PEP progresses towards completion, a number of trends are emerging, including a trend indicating that there is upward pressure on the capital cost estimate. Although the final economic outcomes of the PEP are yet to be determined, as per the announcement of 17 July 2020, the Company advises that the PEP capital estimate will likely be higher than the 2018 DFS estimate. A likely higher capital development cost has impacted negatively on the review of the carrying value of the Sunrise assets.

The partnering process the Company has been running with the support of Macquarie Capital remains on-going, however, to date the Company has not been able to secure an investment partner for the Project. As such, the Company is not able to commit to a final investment decision (**FID**) in mid-2020, as was targeted. Not unexpectedly, the COVID-19 pandemic has presented difficult conditions for financial markets and challenges for funding new project development. However, the Company remains optimistic on the outlook for demand growth in the electric vehicle (**EV**) and lithium-ion battery sectors, and in particular the strategic importance of Sunrise as one of the largest suppliers of battery-grade nickel and cobalt into the global EV supply chain. Given the strong outlook for nickel and cobalt demand, the Company remains committed to developing the Project once funding has been secured. As

such, the partnering process will continue, however the targeted timing for completion of any transaction is not possible to forecast, particularly in light of the significant uncertainty currently impacting the global economy as a result of the COVID-19 pandemic. In assessing the carrying value of the Sunrise assets, the Company has taken into account the negative impact of the anticipated longer development timeframes for the Project.

The write-down will impact the value of the exploration and evaluation asset and other assets recorded in relation to the Sunrise Project. The review of the carrying value of non-current assets will be finalised in conjunction with release of the 30 June 2020 full-year financial statements. This release is scheduled for Friday 21 August.

The value of the Sunrise Project is supported by its large scale and long-life nickel, cobalt and scandium resource, which is expected to remain extremely competitive, with the PEP outcomes still targeting first quartile nickel production costs as a result of strong cobalt by-product credits.

Sunrise will also be the global standard bearer for sustainable production of battery cathode materials, maintaining the highest standards in health, safety, environmental management and community relations. By applying our proprietary ion exchange technology for the recovery of these key metals, we are building the next generation of nickel/cobalt mines that are lower risk, lower cost and dedicated to producing the specific materials that the battery industry needs.

**For more information, please contact:**

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**About Clean TeQ Holdings Limited (ASX/TSX: CLQ)** – Based in Melbourne, Australia, Clean TeQ is a global leader in metals recovery and industrial water treatment through the application of its proprietary Clean-iX<sup>®</sup> continuous ion exchange technology. For more information about Clean TeQ please visit the Company's website [www.cleanteq.com](http://www.cleanteq.com).

**About the Clean TeQ Sunrise Project** – Clean TeQ is the 100% owner of the Clean TeQ Sunrise Project, located in New South Wales. Clean TeQ Sunrise is one of the largest cobalt deposits outside of Africa, and one of the largest and highest-grade accumulations of scandium ever discovered.

**About Clean TeQ Water** – Through its wholly owned subsidiary Clean TeQ Water, Clean TeQ is also providing innovative wastewater treatment solutions for removing hardness, desalination, nutrient removal and zero liquid discharge. The sectors of focus include municipal wastewater, surface water, industrial waste water and mining waste water. For more information about Clean TeQ Water please visit [www.cleanteqwater.com](http://www.cleanteqwater.com).

This announcement is authorised for release to the market by the Board of Directors of Clean TeQ Holdings Limited.

## **FORWARD-LOOKING STATEMENTS**

Certain statements in this news release constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws. Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as “may”, “would”, “could”, “will”, “intend”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, “scheduled”, “forecast”, “predict” and other similar terminology, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. These statements reflect the Company’s current expectations regarding future events, performance and results, and speak only as of the date of this new release.

Statements in this news release that constitute forward-looking statements or information include, but are not limited to, statements regarding: the completion of the Sunrise Project Execution Plan; financing of the Sunrise Project; the outlook for electric vehicle markets and demand for nickel and cobalt; and the production cost and sustainability of Sunrise metal production. Readers are cautioned that actual results may vary from those presented. All such forward-looking information and statements are based on certain assumptions and analyses made by Clean TeQ’s management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believe are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information or statements including, but not limited to, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts to perform as agreed; changes in commodity prices; unexpected failure or inadequacy of infrastructure, or delays in the development of infrastructure, and the failure of exploration programs or other studies to deliver anticipated results or results that would justify and support continued studies, development or operations. Other important factors that could cause actual results to differ from these forward-looking statements also include those described under the heading “Risk Factors” in the Company’s most recently filed Annual Information Form available under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Readers are cautioned not to place undue reliance on forward-looking information or statements.

Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this news release.