

27 July 2015

Market Announcements Platform
Australian Securities Exchange

Entitlement Offer
Cleansing Notice under section 708AA(2)(f) of the Corporations Act

This notice is given by Clean TeQ Holdings Limited (**Clean TeQ**) under section 708AA(2)(f) of the Corporations Act 2001 (the **Act**) as notionally modified by ASIC Class Order 08/35.

Clean TeQ has announced on 27 July 2015 a pro-rata non-renounceable Entitlement Offer (**Entitlement Offer**) of 1 fully paid Clean TeQ ordinary share (**New Shares**) for every 10 Clean TeQ ordinary shares held as at 7:00 pm (Melbourne Time) on 31 July 2015 by eligible shareholders (**Eligible Shareholders**). The Entitlement Offer will be made pursuant to an Entitlement Offer booklet (**Offer Document**). The Entitlement Offer is underwritten by BW Equities Pty Ltd (**Underwriter**)

Eligible Shareholders may, in addition to taking up their entitlements in full, apply for additional shares (**Additional Shares**) in excess of their entitlements at the same price as under the Entitlement Offer (**Top-Up Facility**). Additional shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of New Shares (**Shortfall**), and subject to the allocation policy described below and set out in the Offer Document.

The Clean TeQ proposes to adopt the following allocation policy for allocating Shortfall:

- (a) If there is a Shortfall, it will first be allocated to the Underwriter, to be allocated to sub-underwriters to the extent to which their sub-underwriting commitment comprises their entitlement under the Entitlement Offer (including Robert Friedland).
- (b) If, following the above allocation, there remains a Shortfall, it will then be allocated to the Underwriter, to be allocated to priority sub-underwriters (excluding Robert Friedland) up to an amount of \$773,473. Priority sub-underwriters will be allocated shortfall shares allocated to the priority sub-underwrite pool based on their pro-rata share of priority sub-underwrite pool.
- (c) If, following the above allocation, there remains a Shortfall, each Eligible Shareholder who has applied for Additional Shares through the Top-Up Facility will be entitled to be allocated their pro-rata share of the Shortfall having regard to their holdings at the Record Date (if an Eligible Shareholder has made an application for Additional Shares for an amount less than the amount of Additional Shares that the Eligible Shareholder would otherwise be allocated under this process, the Eligible Shareholder will be allocated the amount applied for).
- (d) If, following the above allocation, there remains a Shortfall, it will then be allocated to the Underwriter, to be allocated to general sub-underwriters (including Robert Friedland). General sub-underwriters will be allocated shortfall shares allocated to the general sub-underwrite pool based on their pro-rata share of the general sub-underwrite pool.

For avoidance of doubt, the Corporations Act 20% relevant interest level applies to limit the acquisition of Additional Shares through the Top-Up Facility.

Clean TeQ advises that:

- (a) the New Shares will be offered for issue without disclosure under Part 6D.2 of the Act;
- (b) the notice is being given under section 708AA(2)(f) of the Act;
- (c) as at the date of this notice, Clean TeQ has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to Clean TeQ; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act; and
- (e) the potential affect the Entitlement Offer will have on the control of Clean TeQ is as follows:
 - (i) If all Eligible Shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no effect on the control of Clean TeQ.
 - (ii) If some Eligible Shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders will be diluted.
 - (iii) The proportional interests of shareholders who are not Eligible Shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer.
 - (iv) The Underwriter has received various sub-underwriting commitments, including from Robert Friedland, Clean TeQ's largest shareholder. Robert Friedland has committed to take-up his full entitlement under the Entitlement Offer and has provided an additional sub-underwriting commitment for a total of \$3.3 million (inclusive of his entitlement).

Having regard to:

- (v) the composition of CleanTeQ's share register;
- (vi) the terms of the Entitlement Offer, the underwriting and sub-underwriting arrangements in place for the Entitlement Offer, and the nature of the underwriter and sub-underwriters; and
- (vii) Robert Friedland having a current shareholding in CleanTeQ of approximately 16.9% and having entered into a firm commitment with the Underwriter to take up his entitlement in full and to sub-underwrite any shortfall to a maximum of 12,105,822 New Shares (net of his entitlements),

there is a possibility that after the close of the Entitlement Offer and after the allocation of Shortfall, Robert Friedland may increase his shareholding in CleanTeQ to up to 19.9%.

Clean TeQ does not believe that any other person will increase their percentage shareholding in Clean TeQ pursuant to the Entitlement Offer in a way which will have any material impact on the control of Clean TeQ.

Yours faithfully



Melanie Leydin

Company Secretary

Clean TeQ Holdings Limited

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