

Melbourne, 25th February, 2015

CLEAN TEQ - FY15 Interim Results Commentary

Highlights

- **Air Purification business delivers \$0.5 million profit before tax**
- **Consolidated group sales revenue \$3.7 million with contracts already in place to generate future revenue of approximately \$3.8 million**
- **\$3.5 million available cash as at 31 December 2014**
- **Air Purification business merger with Aromatrix Technologies Australian subsidiary**
- **Heads of agreement with SIDRI for deployment of water treatment technologies in China**
- **Scandium recovery trial plant commissioned at ISK's titanium dioxide facility in Japan**
- **Agreement to acquire the Syerston Scandium Project from Ivanhoe Mines Ltd.**
- **MOU for copper recovery at Mt Morgan mine**

Review of Half Year Results

For the six months ended 31 December 2014, Clean TeQ Holdings Limited ('**Clean TeQ**' or '**Company**') and its controlled entities (together the '**Consolidated Entity**' or '**Group**') generated a loss after income tax expense of \$2.3 million, notwithstanding a strong result from the Air Purification business which delivered a profit before tax of \$0.5 million.

Available cash on hand as at 31 December 2014 was \$3.5 million, with a further \$0.3 million of cash backing bank guarantees.

Air Purification

The Air Purification business' revenue decreased from \$4.2 million to \$3.6 million, reflecting the flow on effect of a lull in the awarding of contracts during the 2013 financial year, which generated a 12 - 18 month lagged decrease in project delivery activity. Nevertheless, during the current period, projects continued to be delivered efficiently and on time, resulting in maintained project profitability. The Air Purification business has to date been awarded contracts and agreed projects with estimated revenue of approximately \$3.8 million expected to be delivered in the 2015 and 2016 financial years and has further trading and tender opportunities which are expected to lead to significant future revenue growth.

In December 2014 Clean TeQ Air Pty Ltd, the Group's air treatment business, merged with the Australian air treatment business of Aromatrix Technologies to create a business of significant scale in Australia whilst providing the platform for growth through Asia. Following the merger the Company retains a 59% interest in the merged entity, Clean TeQ Aromatrix Pty Ltd ('**CLA**'). CLA management owns 8% with the remaining 33% held by Aromatrix Technologies (Hong Kong) Ltd.

Resource Recovery

Excellent progress was made during the half year ended 31 December 2014 in the Resource recovery business.

Commissioning of a scandium recovery pilot plant trial commenced at Japan's Ishihara Sangyo Kaisha. Ltd's ('ISK') titanium dioxide facility in Yokkaichi. The Company's processing technology has previously been applied in bench top test work to successfully produce 99.9% purity Scandium from a waste stream at ISK's facility. The current pilot plant trial is expected to confirm the economic potential of Scandium production at ISK.

Agreement was reached to acquire the Syerston Scandium Project in central New South Wales from a wholly owned subsidiary of Ivanhoe Mines Ltd. The project acquisition includes a freehold interest in four separate farming properties, comprising 2,884 hectares in total, underlying the mineral title and water rights owned by the project company. The purchase is a significant first step in implementing the Board's strategy to build Clean TeQ's metal recovery business by identifying and securing projects which are able to be transformed into world class assets by utilising Clean TeQ's innovative technologies.

Consideration for the acquisition is payable at completion, which is expected to occur in the first quarter of calendar 2015, and comprises:

- A\$1.0 million in Clean TeQ shares, to be satisfied through the issue of shares in Clean TeQ to Ivanhoe Mines;
- A\$100,000 cash; and,
- A 2.5% gross royalty payable to Ivanhoe Mines.

Clean TeQ has also issued Ivanhoe Mines a promissory note with a face value of A\$3 million, payable in three years' time and carrying a zero coupon. The note will enable Clean TeQ to evaluate options for retaining the freehold title in the farming properties as part of a development plan over the next three years. In the event that ownership of the freehold is not deemed critical to the project development plan, it can be sold, with the proceeds used to satisfy redemption of the note.

A further exciting development was Clean TeQ's signing of a Memorandum of Understanding (MOU) with Carbine Resources Limited (ASX: CRB) for the use of the Clean-iX® technology to recover copper resources at the historic Mount Morgan Gold & Copper Mine in Queensland. Clean TeQ will work with Carbine to integrate the Clean-iX® process into the flow sheet which reprocess gold, copper and pyrite tailings at the mine. Carbine completed a scoping study to confirm the technical and economic viability of the proposed flow sheet, which included the use of Clean-iX® for copper recovery. Further optimisation studies will also assess the use of the technology in gold extraction and general water treatment. The MOU provides an important opportunity for Clean TeQ to generate value using its innovative ion exchange technology for the recovery of metals from the Mount Morgan mine and builds on Clean TeQ's strategy to leverage its technology to create added value in resource recovery projects.

Water Purification

In October 2014 Clean TeQ signed a ground-breaking Heads of Agreement with Shanghai Investigation, Design and Research Institute Co. Ltd ('SIDRI') in China to establish local joint venture to open opportunities for large-scale 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 largest hydroelectric power plant) and one of the world's largest energy

companies. SIDRI's other shareholders are the Chinese Government's Ministry of Water Resources and the Shanghai Municipal People's Government.

Technical work and commercial discussions with SIDRI are progressing in respect of the structure and scope of the joint venture. A market update is expected to be provided around the end of Q1 2015.

The commercial application of the Company's Ion Exchange technology remains a high priority. Significant headway has been made in respect of engaging with key markets including treatment of water from mining and coal seam gas operations. The Company remains confident that it will secure commercial contracts in the near future.

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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 world leader in resource recovery and industrial water treatment. Clean TeQ Metals Pty Ltd has been established as Clean TeQ's wholly owned subsidiary to build a metal recovery business through securing and developing projects which significantly benefit from Clean TeQ's unique hydrometallurgical processing capability.

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.