

Melbourne, 21 April, 2015

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## Quarterly Activities Report - March 2015

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

**Corporate Information:**

309.1M ordinary shares  
16.5M unlisted options  
40.7M convertible notes  
\$2.6M cash at bank

**Directors:**

Chairman and CEO  
Sam Riggall

Executive Director  
Peter Voigt

Non-Executive Director  
Roger Harley

Non-Executive Director  
Ian Knight

**Company Secretary:**

Melanie Leydin

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### Highlights

- Acquisition of Syerston Project completed
- Maiden Scandium Mineral Resource at Syerston
- Collaboration Agreements for Scandium supply signed with Airbus and KBM Affilips
- Water purification test work approved by SIDRI for initial water purification project in China
- Clean TeQ Aromatrix awarded significant new odour control contracts in Victoria, Queensland and Tasmania

### Clean TeQ Overview

Clean TeQ Holdings Limited (**Clean TeQ** or the **Company**) is a leading provider of technology solutions in the fields of resource recovery, water treatment and biological air purification.

Clean TeQ consists of three divisions:

**Metals** – The Company's Clean-iX® Continuous Ion Exchange technology is an innovative process for the extraction and purification of a range of valuable metals from slurries and solutions. Originally developed by the All Russian Research Institute of Chemical Technology over 40 years ago, Clean TeQ has further developed the base technology to provide the most cost effective, and environmentally friendly, metal recovery process available.

**Water** – The Company's Continuous Ionic Filtration & Exchange (CIF®) technology provides cost effective solutions to the mining, oil and gas and municipal industries for the treatment of waste waters. CIF® is the result of over 50 years of research and development and includes Clean TeQ's patented improvements. CIF® is designed to cope with the most demanding waters to provide best in class performance in water recovery and operability.

**Air** - Clean TeQ's 59% owned air purification subsidiary Clean TeQ Aromatrix Pty Ltd provides biological, thermal, carbon filter, cyclone and air stripping treatments to remove both odour and airborne contaminants.

## Clean TeQ Metals

Clean TeQ completed the acquisition of the Syerston Project in central New South Wales from a wholly owned subsidiary of Ivanhoe Mines Ltd (TSX: IVN) effective 31 March 2015.

The acquisition is a significant step in implementing the strategy to build the Company'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 continuous ion exchange (Clean-iX®) technologies.

Clean TeQ Metals Pty Ltd, a wholly owned Clean TeQ subsidiary, acquired all the outstanding shares in Ivanplats Holding Company Pty Ltd, the Australian entity which owns Ivanhoe Mines' interest in the Syerston Project.

The acquired assets include:

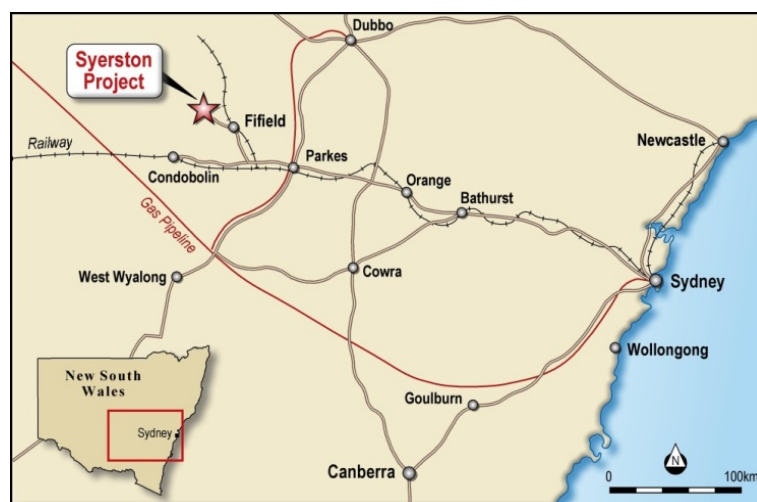
- 100% title to the Syerston exploration license and the six mining lease applications underlying the Project;
- All environmental approvals and development consents previously obtained by the Syerston Project entity;
- Freehold land comprising 2,884 hectares in total, underlying the mineral title; and
- An existing bore field and water rights owned by the project company.

The consideration for the acquisition comprised:

- 7,373,053 Clean TeQ fully paid ordinary shares;
- \$100,000 cash, which was reduced to \$32,000 at completion after netting off the value of assets and liabilities assumed by Clean TeQ as part of the transaction; and
- A 2.5% gross revenue royalty on the Project payable to Ivanhoe Mines.

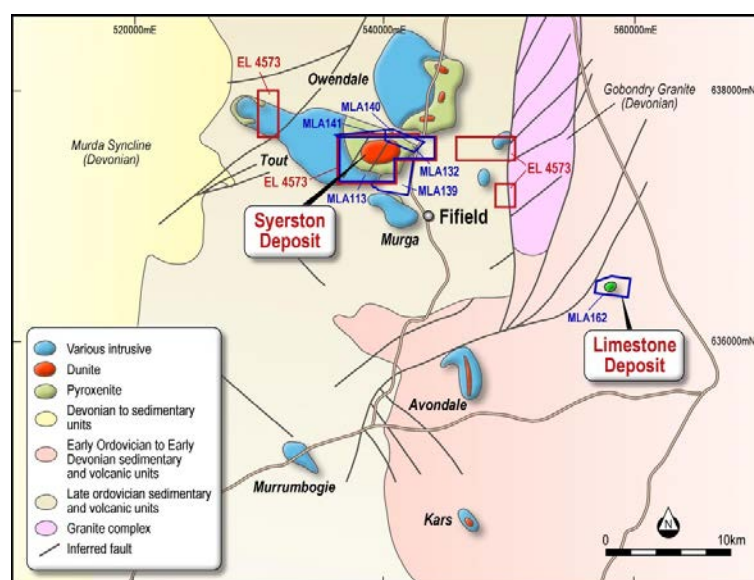
Clean TeQ has also issued Ivanhoe Mines a promissory note with a face value of A\$3.0 million, payable in three years' time and carrying a zero coupon. The note will enable Clean TeQ to evaluate options for retaining the freehold title in the farming properties as part of a development plan over the 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.

The Syerston Project is located 2km from the regional town of Fifield (350km northwest of Sydney). The Fifield District is noted for its intense magnetic geological anomalism and significant occurrences of minerals containing platinum, nickel, cobalt and scandium. The district remains the location of Australia's only historic source of platinum production, between 1887 and the mid-1960s.



*Syerston Project Location*

The previous owners of the Syerston Project focused on its nickel and cobalt potential. A 2014 assessment of drill data by Clean TeQ confirmed significant high-grade Scandium mineralisation present at shallow depths in lateritic soil. The scandium-rich zones occur on the periphery of a large dunite complex located in the centre of the deposit. The 2014 modelling also highlighted several other prospective areas of very high-grade scandium for further exploration.



**Syerston Geology**

Clean TeQ announced a maiden Scandium Resource Estimate for the Project in January 2015. The Resource Estimate confirms the Syerston Project as one of the world's largest and highest grade Scandium deposits.

**Syerston Scandium Mineral Resource Estimate (2012 JORC)**

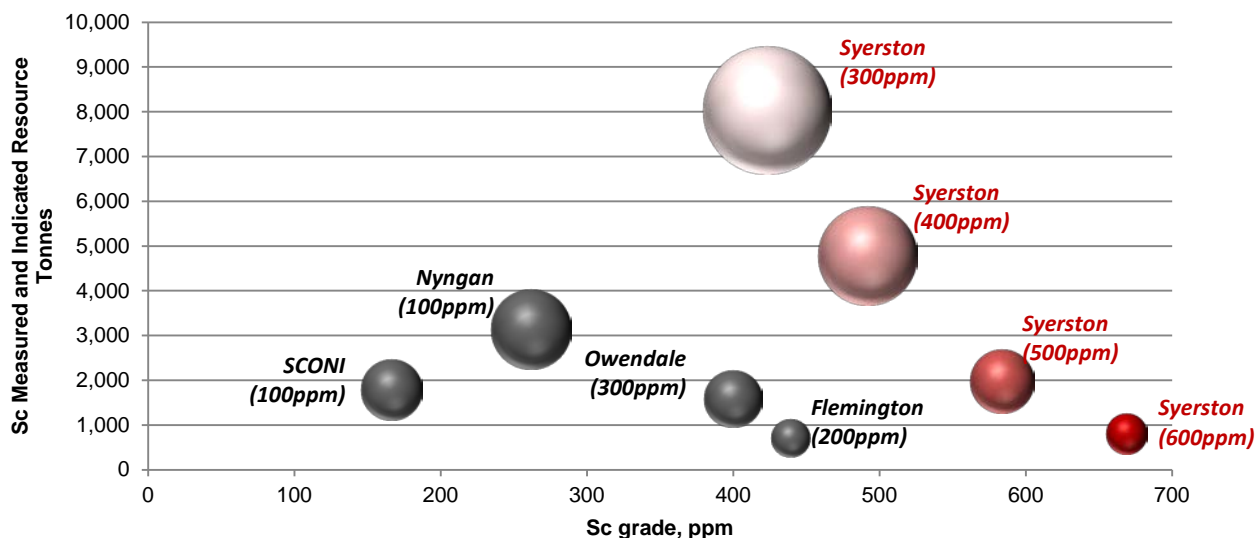
Cut-off	Classification Category	Tonnage, Mt	Sc Grade, ppm	Sc Tonnes	Sc <sub>2</sub> O <sub>3</sub> Equiv Tonnes*
Sc >300ppm	Measured	1.1	411	465	712
	Indicated	17.9	424	7,570	11,583
	Inferred	6.4	386	2,480	3,795
	<b>Total</b>	<b>25.4</b>	<b>414</b>	<b>10,516</b>	<b>16,089</b>
Sc >600ppm	Measured	0.1	686	62	95
	Indicated	1.1	667	701	1,073
	Inferred	0.1	630	55	84
	<b>Total</b>	<b>1.2</b>	<b>666</b>	<b>818</b>	<b>1,252</b>

\* Sc tonnage multiplied by 1.53 to convert to Sc<sub>2</sub>O<sub>3</sub>.

The Scandium resource model is currently being used as the basis for a Scoping Study to confirm the capital and operating costs of a full-scale operation. The scoping study is on track to be completed during Q2, 2015.

A drilling campaign will commence next month in these high grade zones with the aim of increasing the high-grade resource base. As part of this drill campaign, a bulk sample will also be taken from the project to commence piloting for the production of scandium oxide samples for customer testing and qualification purposes. The piloting will use Clean TeQ's Clean-iX® cRIP plant and is aiming to produce samples of 99.9% scandium oxide in Q3, 2015. The production process will also form part of the overall feasibility test work program.

Syerston’s very high Scandium grade, combined with Clean TeQ’s proprietary scandium extraction and purification technology, means that the Company is uniquely placed to produce large tonnages of low-cost Scandium for the industrial alloy, additive layer (3D printing) and fuel cell markets in the near future.



*Australian Scandium Mine Measured & Indicated Resource (Scandium cut-off grade)*

During the quarter Clean TeQ signed Collaboration Agreements with both Airbus and KBM Affilips 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. Clean TeQ has also had discussions with a number of other parties who are interested in scandium supply including Bloom Energy, who consume the majority of the existing global supply of scandium to produce Solid Oxide Fuel Cells in the US.

Environmental studies have been completed with approvals already in place. A Development Consent relating to the license has also been granted, with Mining Lease Applications registered over the Project Area. The advanced stage of permitting provides Clean TeQ with the opportunity to significantly compress the project development timeline and reduce development costs.

One of the key challenges for all projects in the region remains the lack of a reliable water source in what is a relatively arid region of Australia. No large-scale water supply exists in the area and currently the best option for Syerston is to pump water to site from its existing borefields near the Lachlan River (south of the Project). Syerston has a material advantage in these established borefields with an existing water allocation granted by the NSW Office of Water sufficient for initial planned mine operations as well as significant expansion capacity. Opportunities for more cost effective water supply are being investigated as part of the scoping study currently underway.



*Syerston Borefields*

During the quarter the Company completed a campaign on Clean TeQ's scandium recovery pilot plant at Ishihara Sangyo Kaisha Ltd's (ISK) titanium dioxide facility in Yokkaichi, Japan. Work undertaken over the previous quarter has included optimisation of the system to maximise recovery and minimise reagent consumption. The piloting work confirmed Clean TeQ's ion-exchange extraction processes' ability to recover low concentrations of scandium from intermediate process streams. Commercial discussions have commenced with a view to Clean TeQ providing ISK with a commercial scale scandium recovery solution.

## **Clean TeQ Water**

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 a 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.

During the quarter a comprehensive test work programme was undertaken which successfully demonstrated the technical viability of the Clean TeQ Clean iX® process to treat a complex industrial wastewater stream from a coal gasification process in China. The success of the test work programme was an important first step towards the establishment of the China JV. Discussions with SIDRI are progressing in respect of the next phase which is to install a full scale Clean iX® facility at the plant.

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

## **Clean TeQ Aromatrix**

During the quarter Clean TeQ's 59% owned air purification subsidiary Clean TeQ Aromatrix Pty Ltd (CTX) was awarded a number of new odour control projects, valued in total at approximately \$2.9M. CTX is also continuing to bid on a number of further trading and tender opportunities which are expected to lead to significant additional future revenue growth.

## **Corporate**

As at 31 March 2015 cash at bank was \$2.6 million with a further \$0.3 million cash on deposit securing performance guarantees.

During the quarter Mr Ben Stockdale was appointed Chief Financial Officer. Mr Stockdale has extensive experience working in financial, strategy and commercial roles in public and private businesses locally and internationally involved in mining and commodities and his experience will be central to Clean TeQ meeting the commercial goals in these projects. Mr Stockdale holds a Bachelor of Commerce from Melbourne University and a Post Graduate Diploma of Applied Finance and Investment.

### **For more information about Clean TeQ contact:**

Melanie Leydin, Company Secretary or Ben Stockdale, CFO

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**About Clean TeQ Holdings Limited (ASX: CLQ)** – Based in Melbourne, Clean TeQ, using its proprietary Clean-iX<sup>®</sup> 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](http://www.cleanteq.com).

*The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Sharron Sylvester, who is a Registered Professional Geoscientist (10125) and Member (2512) of the Australian Institute of Geoscientists, and a full time employee of OreWin Pty Ltd. Sharron Sylvester has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Sharron Sylvester, who is a consultant to the Company, consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.*

*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.*