

2 August 2016

## **Clean TeQ Activities Update**

The Clean TeQ Holdings Limited (ASX:CLQ) (**Clean TeQ or Company**) group provides the following update in respect of current activities including the Syerston Scandium Project Feasibility Study and the China Water Joint Venture.

### **Syerston Feasibility Study**

A key focus of the Company during 2016 has been the completion of a Feasibility Study for the Syerston Scandium Project. The purpose of the Feasibility Study is to assess the financial performance of the Project based on the technical and financial assumptions adopted in the Scoping Study<sup>1</sup>, with detailed investigation and optimisation of all aspects of the Project including mining, processing plant, infrastructure, operations and economics. The stated key outcomes of the Feasibility Study included determining the capital and operating costs to an accuracy level of  $\pm 15\%$  for a proposed +20-year operation producing an average of 40tpa Sc2O3.

As part of the Feasibility Study works the Company has undertaken a mining schedule optimisation exercise. The purpose of this exercise was to determine the sequence in which the various open pit ore sources should be mined in order to deliver the best economic outcome for the Project.

A recent outcome of this optimisation exercise indicated that a significant increase (approximately 15% on average) in scandium oxide production may be achieved over the initial 20 year life of the mine with no change to the planned capacity of the ore processing and extraction systems (crushing, grinding, HPAL and Resin-in-Pulp circuit) at the front end of the plant. As a result, the Company is currently assessing the capital and operating cost impact on the refining processes. Completion of this exercise, along with the relevant internal quality review and assurance processes to be undertaken, is expected to delay the final results of the Feasibility Study until mid-September 2016.

Given the Company's expectation for future growth in demand for scandium-containing aluminium alloys, it is important that the Project is optimally sized to drive the best possible economic outcome for shareholders.

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<sup>1</sup> For details of the Scoping Study see ASX announcement of 25 May 2015

## **China Water Joint Venture**

In June 2016 the Company announced the details of an agreement with Jinzhong Hoyo Municipal Urban Investment & Construction Co., Ltd (**'Hoyo'**) to form a Chinese incorporated joint venture (**'JV Company'**) which will pursue water treatment opportunities in China's Shanxi Province utilising Clean TeQ's water purification technology.

Clean TeQ and Hoyo have also reached in-principle agreement on the terms on which the JV Company will build, own and operate a Clean TeQ Continuous Ionic Filtration water treatment plant at an existing wastewater treatment facility owned and operated by Qixian Hoyo Waste Water Treatment Co., Ltd (**'Qixian'**) in Shanxi Province.

Design and engineering of the plant commenced in June, with procurement of materials and construction of the plant on track for commencement in October 2016 subject to the following:

1. Completion of the establishment of the JV Company in China;
2. Negotiation and execution by JV Company and Hoyo of the final binding project contract;
3. Obtaining the necessary permit for the use of the technology;
4. Obtaining standard Chinese regulatory approvals for the project (construction, environmental etc); and,
5. The parties making the required equity contributions to fund the JV Company.

Documents have been lodged with the relevant authorities for the approval, establishment and registration of the JV Company in China. This process is anticipated to be completed by the end of August. Detailed design and engineering is also well underway and progressing in parallel with the process of obtaining all applicable Chinese regulatory approvals.

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

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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 leader in resource recovery and industrial water treatment.

For more information about Clean TeQ please visit the Company's website at [www.cleanteq.com](http://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.*