



21 October 2016

Co-Chairman's Letter to Shareholders

Dear Shareholders,

As we are reminded in one form or another pretty much every day, all of us truly are living through the dawn of a new era. It now is evident that during the coming decade we will see the blossoming of a revolution in energy generation, storage and transportation markets. Our world's nations are marshalling resources, establishing policies and deliberating sweeping rules for an unprecedented, collective fight against outside air pollution – including its appalling toll on human health, as documented by the United Nations' World Health Organization and others – at the same time as they are girding to address the growing calls for reductions in greenhouse gasses.

As so often is the case with major technological disruptions, an incipient awareness of new and enabling innovations can very quickly evolve into a period of rapid commercialisation and enthusiastic adoption spanning economic and social orders. We are seeing this today, for example, with various forms of electric vehicles. New supply chains are emerging and are in planning to service the fast-growing electric-vehicle markets in Europe, Asia and North America. The lithium-ion rechargeable-battery industry is gearing up to produce significantly larger volumes of longer-range batteries that will power new fleets of electric vehicles. Large-scale battery manufacturing facilities already are under construction in the United States and throughout Asia to service rapidly growing demand from the auto sector's traditional leaders and upstart newcomers.

One fundamental factor that we expect will significantly influence Clean TeQ's business future is that the unfolding revolution will require the development of new and reliable sources of raw materials that are critical components of electric-vehicle batteries: nickel and cobalt. These raw materials must be supplied in forms that can be used by the battery industry, particularly as the high-purity metal salts – nickel sulphate and cobalt sulphate.

Much of the world's cobalt presently is produced in the Democratic Republic of Congo, some of it reportedly mined in hazardous conditions by legions of artisanal miners – whose ranks have been estimated to include thousands of children – in conditions that would not be acceptable in western societies. This reality reinforces the virtue of respecting reputational value in a commodity supply chain. In future, consumers of cobalt will require verifiable assurances that the materials used in the battery industry are produced by companies that

embrace and deliver high ethical standards, wherever they operate. Auditability back to originating sources is a critical test – and one with which Clean TeQ’s planned Australian facilities will be able to guarantee compliance.

The worldwide drive for energy efficiency means that the global transportation sector also must continue to develop new and innovative lightweight materials without sacrificing strength, durability and reliability. Pound for pound, scandium is the most effective alloying agent available today for aluminium. Scandium provides unique benefits that are unobtainable by conventional alloys, including adding significant strength as well as improved weldability and corrosion resistance with very little increase in weight. It is universally recognized that one of the best means of increasing the range of an electric vehicle is to make it lighter.

Our Syerston Project’s unique mineral resource, when combined with Clean TeQ’s proprietary ion-exchange extraction and purification processing technology, has the potential to meet a significant portion of global demand for the raw materials needed to help expand the lithium-ion battery industry, as well as providing scandium for production of the next generation of lightweight aluminum alloys for key transportation markets. Clean TeQ is ensuring that the supply of these materials will be auditable all the way back to our planned mine in Australia – recognized and respected as a stable, mineral-producing nation with an efficient, world-class mining industry that is committed to the highest environmental standards.

I am proud of the leadership role that I expect our company will play in the revolution now at our doorsteps. Clean TeQ quite literally is *‘powering innovation’* through the development of Syerston.

I was honoured to accept the appointment as a Co-Chairman of the Clean TeQ Board of Directors in September 2016. I will be attending our Annual General Meeting in Melbourne on 22 November and look forward to providing you with a further update on our company and the broad macro themes that are powering our business.



Robert Friedland
Co-Chairman
Clean TeQ Holdings Limited

21 October 2016

Co-Chairman and CEO's Report

Over the past year Clean TeQ has made excellent progress. The company continues to focus on the industries and ventures where our technology is best placed to unlock significant value for shareholders – metals recovery and water purification.

Metals Recovery

The acquisition of the Syerston Project in March 2015 was the first stage in the execution of the company's strategy to leverage the value created by Clean TeQ's technology in the field of metals recovery. Rather than selling or licensing the technology to other miners, Clean TeQ's strategy is to capture the uplift in value that can be achieved by owning the resource and applying our proprietary ionexchange metal extraction and refining processes to unlock latent value.

Syerston was an ideal project, given its favourable attributes of:

- A well-defined laterite mineral resource requiring no additional exploration success to be viable;
- A large-scale, long-life, undeveloped source of nickel, cobalt and scandium – minerals that are highly leveraged to anticipated strong growth in high tech industries;
- Clean TeQ's extensive experience in extracting and refining nickel, cobalt and scandium utilising the company's ion exchange technology;
- A location in a favourable political jurisdiction, adjacent to existing road and rail infrastructure; and,
- An advanced stage of development – two previous definitive feasibility studies have been completed and key permits and approvals are already in place: a water allocation is secured, the environmental impact study is approved and a development consent is granted for a 2.5 million tonnes per annum operation.

The initial focus for Syerston was the development of a small-scale, dedicated scandium operation. The proposed scandium project, which was the subject of the Feasibility Study completed by the company in August 2016, involved mining and processing ore from a number of small pods with exceptionally high grades of scandium on the periphery of the resource. That Feasibility Study confirmed the robust economics of an operation to produce approximately 50 tonnes per annum of scandium oxide.

While completing the scandium Feasibility Study, the company began to assess the potential for a large-scale nickel, cobalt and scandium operation through the development of the larger Syerston nickel and cobalt resource. This program of works included updating the resource to bring it up to JORC 2012 classification. The update to the resource confirmed Syerston as one of the Australia's largest undeveloped nickel/cobalt resources and one of the highest-grade cobalt deposits in the world outside Africa (for further details see the ASX announcement of 22 August 2016).

The company undertook a Nickel/Cobalt Project Pre-Feasibility Study (PFS) to test the economic potential of a large-scale nickel and cobalt operation. The PFS assessed the economics of a mine with a designed throughput capacity of 2.5 million tonnes per annum of autoclave ore feed from Syerston's near-surface resource, focusing on an initial 20-year mine life. The development scenario assessed through the PFS incorporated the company's continuous ion-exchange process as a major process step in the production of high-purity nickel sulphate and cobalt sulphate – the precursor chemicals critical for the production of lithium-ion batteries (LiBs). Clean TeQ's vision for Syerston is unique in the world of mineral resources in that we propose to establish a mining operation which is specifically engineered to supply critical raw materials to the rapidly growing LiB industry. The PFS also demonstrated the significantly value-accretive impact of producing 50 tonnes per annum of scandium oxide as a by-product for use in the emerging market for scandium aluminium alloys.

Over the next twelve months, the company is focused on completing the definitive feasibility study (DFS) for the large-scale nickel/cobalt project. In parallel with completion of the DFS, the company will be undertaking a range of activities to secure the financing required for the development of the Project, including progressing a range of options in relation to offtake finance, project-level financing and debt financing.

In recent months, Clean TeQ has met with numerous companies in the LiB cathode supply chain, from traders and cathode makers through to EV auto manufacturers. The company has entered into a small number of non-binding offtake Memoranda of Understanding (MoU) representing a proportion of Syerston's anticipated production over the first five years of the mine life with counterparties who are well established in the LiB supply chain. The MoUs define certain key terms of the offtake contracts, including volumes and pricing structure. As the DFS is progressed, offtake discussions will continue with these parties, and others, with a view to committing the majority of Syerston production under binding off take agreements over the next 12-18 months.

Water Division

Clean TeQ's continuous ion-exchange technology provides significant cost and operational benefits in treating water and wastewater. The Water Division is primarily focused on the large Chinese markets where rapid growth over recent decades has placed a severe burden on scarce fresh water resources and outpaced the effective implementation of environmental protection legislation. The challenge to supply fresh water for China's growing industries and population cannot be overestimated. Fresh water supply for power production and food supply is one of the major impediments to China's economic growth. The Chinese are actively pursuing new and innovative technologies to address the broad range of environmental challenges that nation is facing.

During the year, Clean TeQ signed a ground-breaking agreement with with Jinzhong Hoyo Municipal Urban Investment & Construction Co., Ltd. (Hoyo) to form a 50/50 Chinese-incorporated joint venture, Shanxi HOYO Clean TeQ Environmental Company Ltd., which will pursue water treatment opportunities in China's Shanxi Province utilising Clean TeQ's water purification technology.

The joint venture company has secured its first project contract under which it will build, own and operate a Clean TeQ CIF® water treatment plant to treat up to 13,000 tonnes of effluent per day for a 20-year period. Clean TeQ has actively pursued a build, own and operate business model, targeting generation of long-term, sustainable cashflows and favourable economic returns.

Design engineering of the plant is well underway. Procurement of materials and construction of the plant is anticipated to begin in early 2017 subject to the JV Company obtaining standard Chinese regulatory approvals (construction, environmental etc.) and the parties making the required equity contributions to fund the JV Company.

The Water Division is also continuing to pursue a number of other project opportunities in the Australian mining sector and the Chinese municipal water treatment industry.

I would like to conclude by thanking our shareholders for their support and continued belief in our management team's ability to deliver on our vision of establishing a world-class business which is focused on providing the raw materials and technology solutions required for a cleaner world. We believe that the broader investment community is just now starting to recognise the value of Clean TeQ's technology and the Syerston Project. We believe that by progressing our current activities and by continuing to state and achieve our goals and targets that there is significant additional value that we can generate for all of our stakeholders. I would also like to thank my colleagues on the board and, in particular, our dedicated staff for their commitment and contribution towards achieving our common goal.



Sam Riggall
Co-Chairman and CEO
Clean TeQ Holdings Limited



CLEAN TEQ HOLDINGS LIMITED
ACN 127 457 916

Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Tuesday, 22 November 2016

Time of Meeting:
10.00 AM (AEDST)

Place of Meeting:
RACV Club
Level 2
501 Bourke Street
Melbourne Victoria, 3000

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.
If shareholders are in doubt as to how they should vote, they should seek advice from their
accountant, solicitor or other professional advisor without delay*

CLEAN TEQ HOLDINGS LIMITED

ABN 34 127 457 916

Registered office: 12/21 Howleys Road, Notting Hill, Victoria, 3168

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Members of Clean TeQ Holdings Limited (the "Company") will be held at the RACV Club, Level 2, 501 Bourke Street, Melbourne, Victoria, 3000 at 10.00am (Melbourne time) on Tuesday, 22 November 2016 ("Annual General Meeting" or "Meeting").

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2016.

Note: Except for as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly no resolution will be put to shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2016 be adopted."

Resolution 2: Re-election of Mr Ian Knight as a Director of the Company

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Ian Knight, being a director who retires pursuant to the Constitution of the Company and being eligible for re-election and having offered himself for re-election, is hereby re-elected as a Director of the Company."

Resolution 3: Re-election of Mr Sam Riggall as a Director of the Company

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Sam Riggall, being a director who retires pursuant to the Constitution of the Company and being eligible for re-election and having offered himself for re-election, is hereby re-elected as a Director of the Company."

Resolution 4: Election of Mr Robert Friedland as a Director of the Company

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Robert Friedland, having been appointed to the Board of Directors during the year, retires as a director in accordance with the Constitution of the Company and being eligible for election, be elected as a director of the Company."

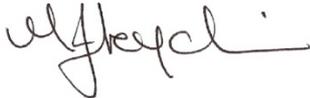
SPECIAL BUSINESS

Resolution 5: Approval of 10% Placement Facility

To consider and, if thought fit, pass the following resolution as a special resolution:

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement”

BY ORDER OF THE BOARD



Melanie Leydin
Company Secretary

21 October 2016

Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on the date 48 hours before the date of the Annual General Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
 - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
 - b. Each shareholder has a right to appoint one or two proxies.
 - c. A proxy need not be a shareholder of the Company.
 - d. If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution.
 - e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
 - f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
 - g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
 - h. To be effective, proxy forms must be received by the Company's share registry (Computershare Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 10.00am (AEDST) Melbourne time on Sunday, 20 November 2016. Any proxy received after that time will not be valid for the scheduled meeting.

4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

5. Voting Exclusion Statement:

Resolution 1

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolution 2

There are no voting exclusions on this resolution.

Resolution 3

There are no voting exclusions on this resolution.

Resolution 4

There are no voting exclusions on this resolution.

Resolution 5

The Company will disregard any votes cast on Resolution 5 by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

6. Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9797 6700 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2016 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report) and the auditor's report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution costs associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9797 6700, and you may request that this occurs on a standing basis for future years. Alternatively you may access the Annual Report at the Company's website: www.cleanteq.com or via the Company's announcement platform on ASX. Except for as set out in Resolution 1, no resolution is required on these reports.

Resolution 1: Adoption of Remuneration Report

Background

Section 250R of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2016 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the remuneration report at the Annual General Meeting.

The Corporations Act requires the Company to put a resolution to Shareholders that the in accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the Remuneration Report for that financial year represented less than twenty five (25%) per cent of the total votes cast and accordingly, while the vote on the Remuneration Report at this Annual General Meeting may potentially be counted towards the two strikes in the future, a spill resolution will not under any circumstances be required for the 2016 Annual General Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of AGM), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution, the Directors unanimously recommend that shareholders vote in favour of Resolution 1 to adopt the Remuneration Report.

Voting Exclusions

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member in contravention of Section 250R and 250BD unless the vote cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by

marking the box for Resolution 1. By marking the Chairman's box on the proxy form you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolution 2: Re-election of Mr Ian Knight as a Director of the Company

Background

In accordance with ASX Listing Rule 14.4 and Rule 58 of the Company's Constitution, Directors must retire after the third AGM since they were last elected. Further, in accordance with the Company's Constitution, at the close of each AGM one-third of the Directors, or if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire. The Directors to retire by rotation at the AGM are those Directors who have been longest in office since their last election. Mr Ian Knight being eligible, offers himself for re-election.

Mr Knight is a graduate in Business Studies and is also a fellow of the Institute of Chartered Accountants, a member of the Australian Society of Certified Practising Accountants, an Associate Fellow of the Australian Institute of Management and a member of the Institute of Company Directors. His experience includes presenting and working with boards of public, private and private equity ownership, State and Federal Governments and has extensive experience in strategising and implementing mergers, acquisitions, divestments and capital raising initiatives.

Mr Knight was also formerly a Partner of KPMG where he held the position of Head of Mergers and Acquisitions and Head of Private Equity for KPMG Corporate Finance. Currently he is Managing Director of nem Corporate Pty Ltd and a partner of nem Australasia Pty Ltd.

Board Recommendation

The Board (with Mr Knight abstaining) recommends that the Shareholders vote in favour of the re-election of Mr Knight. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Knight's re-election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 3: Re-election of Mr Sam Riggall as a Director of the Company

In accordance with ASX Listing Rule 14.4 and Rule 58 of the Company's Constitution, Directors must retire after the third AGM since they were last elected. Further, in accordance with the Company's Constitution, at the close of each AGM one-third of the Directors, or if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire. The Directors to retire by rotation at the AGM are those Directors who have been longest in office since their last election. Mr Sam Riggall being eligible, offers himself for re-election.

Mr Riggall is a graduate in law and commerce from Melbourne University and has an MBA from Melbourne Business School. He was previously Executive Vice President of Business Development and Strategic Planning at Ivanhoe Mines Ltd. Prior to that Mr Riggall worked in a variety of roles in Rio Tinto for over a decade covering project generation and evaluation, business development and capital market transactions. Mr Riggall was appointed to the Clean TeQ Board and to the position of Chairman on 4 June 2013. Mr Riggall was appointed Chairman and Chief Executive Officer effective 1 July 2015.

Board Recommendation

The Board (with Mr Riggall abstaining) recommends that the Shareholders vote in favour of the re-election of Mr Riggall. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Riggall's re-election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 4: Election of Mr Robert Friedland as a Director of the Company

Background

Mr Robert Friedland was appointed as a Non-Executive Director on 8 September 2016 as a casual vacancy and is eligible for election.

Mr Friedland is an international financier and global leader in resources and technology industries. Since the early 1980s, he has specialised in securing financing for the exploration and development of mineral and technology ventures.

Mr Friedland is the founder of Ivanhoe Mines Ltd (formerly Ivanplats Limited), a Canadian public company listed on the New York, NASDAQ and Toronto exchanges, and has been Executive Chairman and Director since November 2000. He was formerly President of the company from June 2003 to May 2008.

Mr Friedland was the founder of Ivanhoe Mines Ltd (now Turquoise Hill Resources Ltd) and served as Executive Chairman and Chief Executive Officer until April 2012. He directed the assembly by Ivanhoe Mines Ltd of a portfolio of interests in several countries over 15 years and led the company's discoveries and initial development of the world-class Oyu Tolgoi copper-gold project in southern Mongolia.

Mr Friedland is also Chairman and President of Ivanhoe Capital Corporation, a private company based in Singapore that specialises in providing venture capital and project financing for international business enterprises, predominantly in the fields of energy and minerals.

Mr Friedland holds a Bachelor of Arts in Political Science from Reed College.

Directors Recommendation

The Board (with Mr Friedland abstaining), recommends that shareholders vote in favour of the election of Mr Friedland. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Friedland's election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 5: Approval of 10% Placement Facility

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting ("10% Placement Facility"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

The Company continues actively seeking to progress the development of its various projects and developments including the Water Purification joint venture in China and the Syerston Nickel/Cobalt/Scandium Project in NSW. Should the Company utilise the 10% Placement Facility, it intends to use the funds to conduct further work on its current projects or to meet additional working capital requirements.

Directors Recommendations

The Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

Voting Exclusions

The Company will disregard any votes cast on Resolution 5 by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting. This means it requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, Fully Paid Ordinary Shares and Unlisted Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 439,785,097 Shares and therefore has a capacity to issue:

- (i) 65,967,765 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 5, 43,978,510 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. Shareholders may be exposed to economic risk and voting dilution, including the following:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.213 50% decrease in Issue Price	\$0.425 Issue Price	\$0.850 100% increase in Issue Price
Current Variable A 439,785,097 Shares	10% Voting Dilution	43,978,510 Shares	43,978,510 Shares	43,978,510 Shares
	Funds raised	\$9,345,433	\$18,690,867	\$37,381,733
50% increase in current Variable A 659,677,646 Shares	10% Voting Dilution	65,967,765 Shares	65,967,765 Shares	65,967,765 Shares
	Funds raised	\$14,018,150	\$28,036,300	\$56,072,600
100% increase in current Variable A 879,570,194 Shares	10% Voting Dilution	87,957,019 Shares	87,957,019 Shares	87,957,019 Shares
	Funds raised	\$18,690,867	\$37,381,733	\$74,763,466

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
 - The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
 - The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - The issue price is **\$0.425** (42.5 cents), being the closing price of the Shares on ASX on **17 October 2016**.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - cash consideration. In such circumstances, the Company intends to use the funds raised to conduct further work on its current projects or to meet additional working capital requirements..
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (f) A voting exclusion statement is included in the Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Equity Issues over the Last 12 Months – Listing Rule 7.3A.6

For the purposes of Listing Rule 7.3A.6(a), the Company advises as follows:

Number of equity securities on issue at commencement of 12 month period	<i>440,688,893</i>
Equity securities issued in the prior 12 month period*	<i>43,322,522</i>
Percentage of share issues represent of total number of equity securities on issue at commencement of 12 month period	<i>9.83%</i>

* A portion of the equity securities issued in the past 12 months were issued pursuant to an exception to Listing Rule 7.1 (or 7.1A) and therefore were not issued under (and did not reduce) the Company's 15% Capacity (or additional 10% Capacity). For full details of the issues of equity securities made by the Company since the date of the last Annual General Meeting, see Annexure 1. It is noted that the remaining available cash on hand as at the date of this notice is approximately \$4.7 million.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Statement for Resolution 5;

“**10% Placement Period Facility**” has the meaning as defined in the Explanatory Statement for Resolution 5;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2016;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**ASX Settlement Operating Rules**” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHESS approved securities;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**CHESS**” has the meaning in Section 2 of the ASX Settlement Operating Rules;

“**Company**” means Clean TeQ Holdings Limited ABN 34 127 457 916;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Directors’ Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Memorandum**” means the explanatory memorandum which forms part of the Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of Clean TeQ Holdings Limited for the financial year ended 30 June 2016 and which is set out in the 2016 Annual Report.

“**Resolution**” means a resolution referred to in the Notice;

“**Schedule**” means schedule to the Notice;

“**Section**” means a section of the Explanatory Memorandum;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules;

“**VWAP**” means volume weighted average price.

Annexure 1

CASH ISSUES

Date	Number of Securities	Security Type	Terms	Description	Party or Basis	Price	Discount to 15 day VWAP	Total Consideration	Use of Consideration
13-May-2016	19,047,620	FPO	FPO	Placement Shares	New and existing professional and sophisticated investors	\$0.21	N/A	\$4,000,000	Working capital and ongoing Syerston marketing activities and water business development
5-Jul-2016	200,000	FPO	FPO	Conversion of options	Employee of the Company	\$0.3955	N/A	\$79,100	Conversion of unlisted options
3-Aug-2016	2,000,000	FPO	FPO	Conversion of options	Employee of the Company	\$0.145	N/A	\$290,000	Conversion of unlisted options
23-Aug-2016	33,000	FPO	FPO	Conversion of options	Employee of the Company	\$0.301	N/A	\$9,933	Conversion of unlisted options
26-Aug-2016	500,000	FPO	FPO	Conversion of options	Employee of the Company	\$0.282	N/A	\$141,000	Conversion of unlisted options
Total								\$4,520,033	

NON-CASH ISSUES

16-May-2016	2,124,196	PR	*See Note 1	Performance Rights	Eligible employees of the Company	Nil	Nil	-	Issue of performance rights to employees of the Company
16-May-2016	5,000,000	PR	*See Note 2	Unlisted Options	Eligible employees of the Company	Nil	Nil	-	Issue of options to employees of the Company
26-Aug-2016	3,000,000	UO	*See Note 3	Unlisted Options	Eligible employees of the Company	Nil	Nil	-	
27-Sep-2016	1,292,706	PR	*See Note 1	Performance Rights	Directors of the Company	Nil	Nil	-	Issue of performance rights to Directors of the Company following shareholder approval
27-Sep-2016	9,125,000	UO	*See Note 4	Unlisted Options	Directors of the Company	Nil	Nil	-	Issue of options to Directors of the Company following shareholder approval
27-Sep-2016	1,000,000	UO	*See Note 5	Unlisted Options	Directors of the Company	Nil	Nil	-	Issue of options to Directors of the Company following shareholder approval

Glossary

<i>FPO</i>	<i>Fully Paid Ordinary Shares</i>
<i>PR</i>	<i>Performance Rights</i>
<i>UO</i>	<i>Unlisted Options</i>

Notes

- 1 *Convertible into fully paid ordinary shares on 1:1 basis subject to the terms of the Clean TeQ Holdings Limited Options Plan as approved by shareholders on 21 November 2013, and meeting performance criteria.*
- 2 *Unquoted Options exercisable at \$0.282 (28.2 cents) on or before 16 May 2016.*
- 3 *Issue of Options to eligible employees of the Company as part of the Employee Long Term Incentive Plan. The options vest in two tranches, subject to a range of performance hurdles including successful delivery of certain packages of work within prescribed timeframes.*
- 4 *Issue of options to Directors of the Company following shareholder approval at a general meeting of shareholders, held on 27 September 2016, exercisable at \$0.31 (31 cents) per option on or before 16 May 2019.*
- 5 *Issue of options to Directors of the Company following shareholder approval at a general meeting of shareholders, held on 27 September 2016, exercisable at \$0.282 (28.2 cents) per option on or before 16 May 2019.*

CLQ

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000



Proxy Form

XX

For your vote to be effective it must be received by 10.00am (Melbourne time) on Sunday, 20 November 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Clean TeQ Holdings Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Clean TeQ Holdings Limited to be held at the RACV Club, Level 2, 501 Bourke Street, Melbourne, Victoria, 3000 on Tuesday, 22 November 2016 at 10.00am (Melbourne time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Ian Knight as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr Sam Riggall as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Election of Mr Robert Friedland as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /