

## Quarterly Activities Report - September 2016

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

**Corporate Information:**

439.8M ordinary shares  
48.1M unlisted options  
4.9M performance rights  
\$4.7M cash at bank

**Directors:**

Co-Chairman  
Robert Friedland

Co-Chairman and CEO  
Sam Riggall

Executive Director  
Peter Voigt

Non-Executive Director  
Eric Finlayson

Non-Executive Director  
Roger Harley

Non-Executive Director  
Ian Knight

**Company Secretary:**  
Melanie Leydin

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### Highlights

- **Resource update confirms Syerston as one of the largest and highest grade cobalt deposits outside Africa**
- **Syerston Nickel / Cobalt PFS demonstrates the potential for Clean TeQ to become a leading global supplier of nickel and cobalt sulphate to the lithium-ion battery industry**
- **Scandium production from the Nickel / Cobalt Project represents significant value upside**
- **China Water JV completed and initial project contract secured**
- **Agreement to license graphene-based water treatment technology**

### Clean TeQ Overview

Our vision is to create a globally significant business which is focused on providing specialty materials and clean solutions to a range of industries using our proprietary Clean-iX<sup>®</sup> continuous ion exchange technology.

**Metals Recovery** – Clean TeQ owns the Syerston Nickel, Cobalt and Scandium Project in NSW. Syerston's unique mineral resource, when combined with Clean TeQ's proprietary ion-exchange extraction and purification processing technology, provides Clean TeQ with the opportunity to become a leading global supplier of nickel and cobalt sulphate to the lithium-ion battery industry, as well as providing scandium for production of the next generation of lightweight aluminum alloys for key transportation markets.

**Water Purification** – Clean TeQ's Continuous Ionic Filtration & Exchange (CIF<sup>®</sup>) and Macroporous Polymer Adsorption (MPA<sup>®</sup>) resin technologies provide cost effective solutions to the mining, oil and gas and municipal industries for the treatment of waste waters. Our technologies are designed to cope with the most demanding waters to provide best in class performance in water recovery and operability.

## Clean TeQ Metals

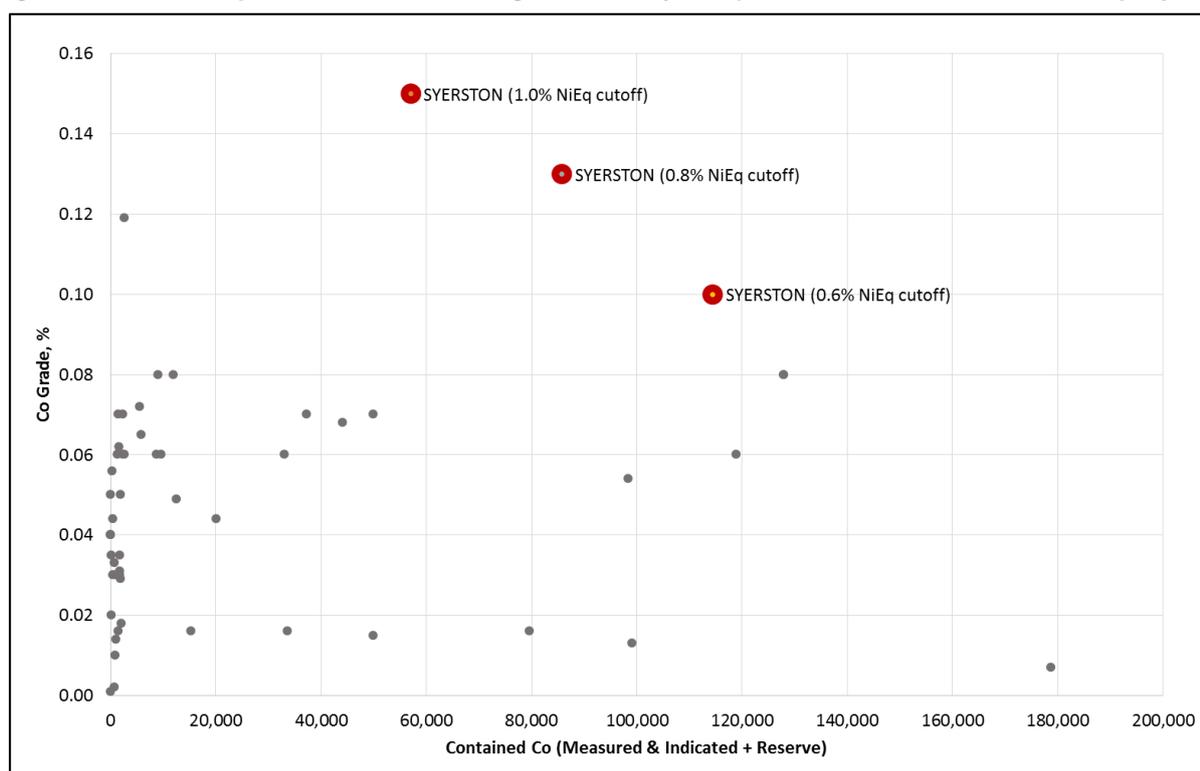
### Nickel and Cobalt Resource

During the quarter Clean TeQ Holdings Limited (**Clean TeQ** or **Company**) announced an update to the Syerston Nickel/Cobalt Mineral Resource. The updated Resource Estimate is summarised in Table 1 below. For further details of the updated Resource Estimate see the ASX announcement dated 20 September 2016.

**Table 1: Syerston Summary Nickel/Cobalt Mineral Resource Estimate, 0.60%NiEQ Cut-off 1**

Classification Category	Tonnage (Mt)	Ni Grade %	Co Grade %	Ni Metal Tonnes	Co Metal Tonnes
Measured	52	0.73	0.11	380,000	57,000
Indicated	49	0.58	0.10	280,000	49,000
<b>Meas + Ind</b>	<b>101</b>	<b>0.65</b>	<b>0.10</b>	<b>660,000</b>	<b>106,000</b>
Inferred	8	0.54	0.10	50,000	8,000
<b>Total</b>	<b>109</b>	<b>0.65</b>	<b>0.10</b>	<b>700,000</b>	<b>114,000</b>

**Figure 1: Undeveloped Cobalt-Containing Nickel Projects (excludes African and seabed projects)**



Source: SNL global database. Comparator group comprises undeveloped nickel projects with declared cobalt resources, excluding African and seabed mining projects. Figures represent latest reported resources (inclusive of reserves) of cobalt. Syerston figures based on updated Resource Estimate to JORC 2012.

<sup>1</sup> NiEQ = nickel equivalent. NiEQ cut-off was calculated as  $NiEQ\% = Ni\% + (Co\% \times 2.95)$ , based on assumed metal prices of US\$4.00/lb Ni, US\$12/lb Co, at USD:AUD exchange rate of 0.70. NiEQ was calculated on Ni and Co only, with no consideration for scandium or platinum.

Of particular note are the grades of cobalt reported in the Mineral Resource Estimate. The ratio of cobalt to nickel grades is unusually high when compared to other global nickel laterite resources (see Figure 1 above).

### Syerston Nickel & Cobalt Pre-Feasibility Study

Clean TeQ completed a Pre-Feasibility Study to assess the economics of a large scale operation at Syerston to produce nickel sulphate and cobalt sulphate products specifically targeted at the fast-growing lithium ion battery (LiB) market. For the detailed results of the PFS see the ASX announcement of 5 October 2016.

The PFS assessed the economics of a mine with a designed throughput capacity of 2.5Mtpa of autoclave ore feed from Syerston's near-surface resource for life of mine, focusing on an initial 20-year period.

Table 2 below provides a summary of the key parameters and outcomes of the PFS Base Case.

**Table 2: Syerston Project Summary – Base Case**

Parameter		Assumption / Output
Autoclave Throughput <sup>1</sup>		<b>2.5Mtpa</b>
Life of Mine		<b>39 years</b>
Initial operating period		<b>20 years</b>
Autoclave Feed Grade <sup>2</sup> (Year 3-20 average)	<i>Nickel</i>	<b>0.80%</b>
	<i>Cobalt</i>	<b>0.14%</b>
Production (Years 3-20 average)	<i>Nickel sulphate</i>	<b>85,135tpa</b>
	<i>Cobalt sulphate</i>	<b>15,343tpa</b>
Production (Years 3-20 average)	<i>Contained nickel</i>	<b>18,730tpa</b>
	<i>Contained cobalt</i>	<b>3,222tpa</b>
Recovery (Years 3-20 average)	<i>Nickel</i>	<b>94.2%</b>
	<i>Cobalt</i>	<b>93.0%</b>
Nickel price assumption <sup>3</sup>		<b>US\$7.50/lb</b>
Cobalt price assumption <sup>3</sup>		<b>US\$12.00/lb</b>
Exchange Rate		<b>AUD/USD 0.75</b>
Total Capital Cost <sup>4</sup>		<b>US\$680M (A\$906M)</b>
C1 Cash Cost (Year 3-20 average) <sup>5</sup>	<i>before Co credits</i>	<b>US\$2.96/lb Ni</b>
	<i>after Co credits</i>	<b>US\$0.89/lb Ni</b>
Net Present Value (NPV <sub>8</sub> ) – post tax <sup>6</sup>		<b>US\$891M (A\$1,188M)</b>
Internal Rate of Return (IRR) – post tax		<b>25%</b>

<sup>1</sup> Designed processing throughput rate following a 24-month commissioning and ramp up period.

<sup>2</sup> Includes pit selection, dilution and mining factors

<sup>3</sup> Based on bank/broker long-term consensus market pricing for metal content only. Does not include premiums that are typically paid in the market for battery-grade nickel and cobalt sulphate

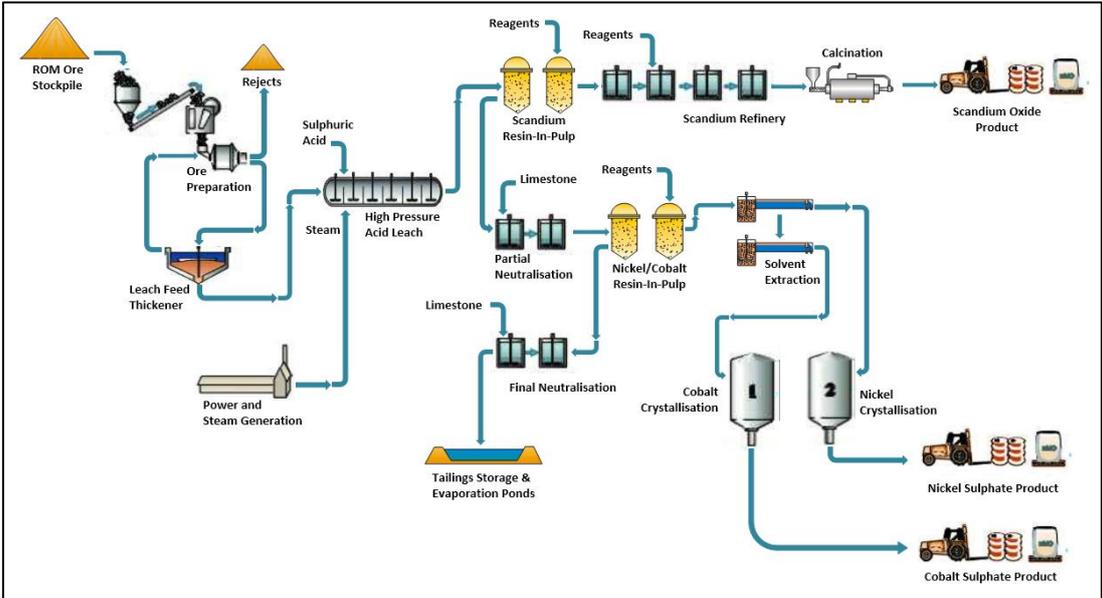
<sup>4</sup> Includes a US\$62M (A\$83M) contingency on capital costs

<sup>5</sup> C1 cash cost excludes potential by-product revenue from scandium oxide sales and royalties

<sup>6</sup> Post tax, 8% discount, 100% equity, real terms

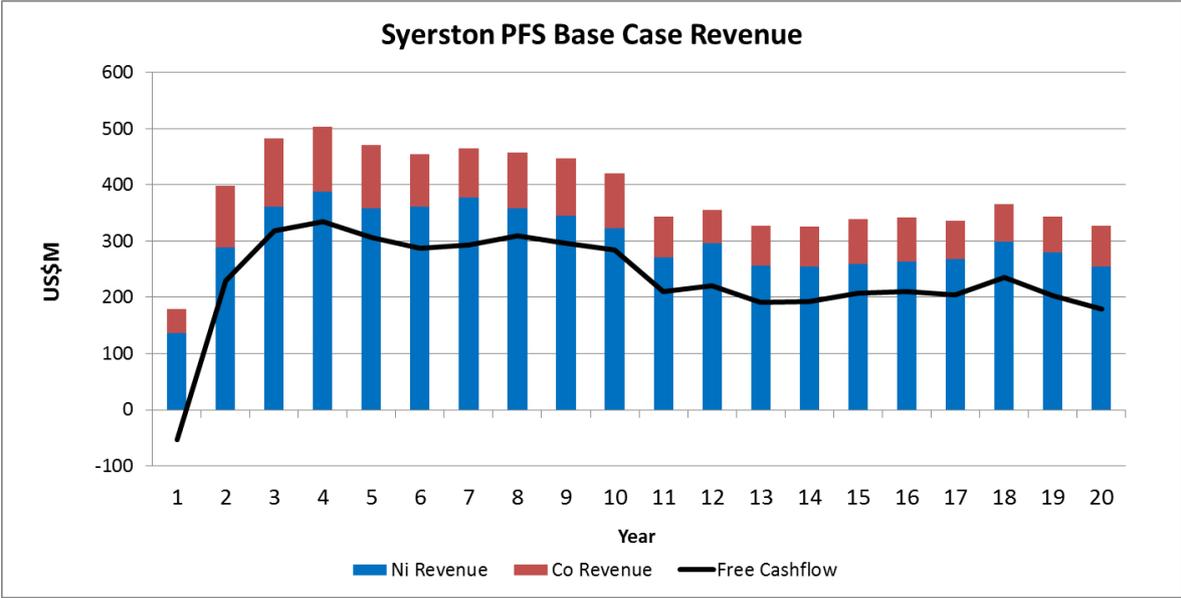
The PFS flow sheet assumed a milling circuit, followed by high pressure acid leach and RIP on leached slurry for nickel and cobalt recovery as an intermediate sulphate solution. The nickel/cobalt-rich sulphate solution is then refined through a small solvent extraction and purification step prior to crystallisation to produce separate hydrated nickel sulphate (NiSO<sub>4</sub>.6H<sub>2</sub>O) and hydrated cobalt sulphate (CoSO<sub>4</sub>.7H<sub>2</sub>O) products. Figure 2 below provides an overview of the process flowsheet for the PFS.

**Figure 2: Syerston PFS Flowsheet including a scandium recovery RIP circuit and refinery**



Following an initial commissioning and ramp up period, the Nickel & Cobalt Project was estimated to generate free cashflow of approximately US\$300 million (A\$400 million) per annum over years 3-10 at bank/broker long term consensus forecast nickel and cobalt prices and a AUD/USD 0.75 exchange rate. Figure 3 below provides an overview of the PFS Base Case revenue and cashflow.

**Figure 3: PFS Base Case revenue excluding sulphate premia and scandium by-product revenue**



The large scale nickel & cobalt resource assessed through the PFS also hosts significant quantities of scandium, however, given the scandium market is still developing, the PFS Base Case assumes no scandium revenue. In order to demonstrate the significant upside potential that exists from producing scandium oxide as a by-product of nickel and cobalt production, the Company prepared an Upside Case which includes the capital and operating cost and revenue impact of scandium production. The Upside Case analysis, which includes the impact of sales of 50 tonnes per annum of scandium oxide, is presented in Table 3 below.

**Table 3: Upside Case – Syerston Project Summary Table with Scandium Recovery**

Parameter		Assumption / Output
Autoclave Feed Grade <sup>1</sup> (Years 3-20 average)	<i>Scandium</i>	<b>53ppm</b>
Recovery (Years 3-20 average)	<i>Scandium</i>	<b>85%</b>
Production (Years 3-20 average)	<i>Scandium oxide</i>	<b>50tpa Sc<sub>2</sub>O<sub>3</sub></b>
Scandium oxide price assumption		<b>US\$1,500/kg</b>
Additional Capital Cost for Scandium Plant		<b>US\$15M (A\$20M)</b>
Upside Case Total Capital Cost		<b>US\$695M (A\$927M)</b>
C1 Cash Cost (Year 3-20 average) <sup>2</sup>	<i>before Co &amp; Sc credits</i>	<b>US\$3.12/lb Ni</b>
	<i>after Co &amp; Sc credits</i>	<b>-US\$0.76/lb Ni</b>
<b>Net Present Value (NPV<sub>8</sub>) – post tax</b>		<b>US\$1,233M</b>
<b>Internal Rate of Return (IRR) – post tax<sup>3</sup></b>		<b>30%</b>

<sup>1</sup> Includes pit selection, dilution and mining factors applied

<sup>2</sup> C1 cash cost does not include royalties

<sup>3</sup> Post tax, 8% discount, 100% equity, real terms

Table 3 above highlights the potential for scandium to provide an important source of additional revenue for the Nickel / Cobalt Project. The incremental capital and operating cost of generating that additional scandium revenue is much lower than could be achieved by construction of a small-scale, stand-alone plant, focused only on extraction from the highest-grade scandium zones surrounding the nickel / cobalt resource. As scandium recovery would form part of the primary processing route, it allows for a reliable supply of significant quantities of scandium oxide to customers for the life of the mine. At 2.5Mtpa of ore throughput, the plant has the potential, on average, to produce circa 170tpa of scandium oxide over the first twenty years of operation.

The mine plan presented in the Upside Case does not rely on the vast majority of the very high grade scandium resource which sits adjacent to the nickel/cobalt deposit (for full details of the scandium only resource see the ASX announcement of 17 March 2016). This provides the Company with the ability to readily and significantly increase scandium production in future years for virtually no additional capital cost by adjusting feed to the plant. It also sends a very strong signal to potentially high-volume customers of scandium that long-term, low cost and reliable supply will be delivered to the market.

### **Syerston Nickel & Cobalt Bankable Feasibility Study**

Given the favorable Project economics demonstrated by the PFS and the strong offtake demand that is currently being indicated by potential customers, the Company has commenced a Bankable Feasibility Study to assess the development of a large scale 2.5Mtpa project to produce nickel and cobalt sulphate products to supply the forecast strong demand growth from the LiB sector.

The Company has recently commissioned its RIP pilot plant at ALS Metallurgy in Perth. The pilot campaign will process a bulk sample of approximately 20 tonnes of Syerston ore to produce samples of high purity nickel and cobalt sulphate for customer testing and validation purposes. The pilot plant is currently being operated and is expected to run through October and November 2016 with product samples expected to be available to customers in the first quarter of 2017. The full Bankable Feasibility Study is expected to be completed in Q4, 2017.

**Figure 4: Clean TeQ's Proprietary Resin-In-Pulp (cRIP) Pilot Plant**



**Figure 5: Pilot Plant: High Pressure Acid Leach Autoclave (horizontal cylinder at top of photo)**



**Figure 6: Clean TeQ Pilot Plant: Leached Pulp Neutralisation Circuit**



**Figure 7: Clean TeQ Pilot Plant: 'U-Column' Nickel/Cobalt Recovery System**



**Figure 8: Clean TeQ Pilot Plant: Nickel/Cobalt Sulphate Solution**



The Solution shown in Figure 8 above is an initial batch of the nickel/cobalt-rich sulphate solution which was recovered from processing of Syerston ore in Clean TeQ's Resin in Pulp (RiP®) ion exchange pilot plant in Perth. This solution will be further refined into separate high purity nickel sulphate and cobalt sulphate and sent to potential offtake customers for product testing and qualification.

### **Syerston Scandium Project Feasibility Study**

During the quarter the Company completed a Feasibility Study to assess the economic potential of a small-scale, dedicated scandium operation at Syerston. The proposed scandium project involved mining and processing ore from a number of small pods with exceptionally high grades of scandium on the periphery of the larger nickel/cobalt resource. That Feasibility Study confirmed the robust economics of an operation to produce approximately 50 tonnes per annum of scandium oxide.

Table 4 below provides a summary of the key parameters and outcomes of the Scandium Feasibility Study:

**Table 4: Syerston Scandium Project Summary Table**

Parameter	Assumption / Output
Processing Plant Throughput <sup>1</sup>	<b>64,000tpa</b>
Processing Plant Average Feed Grade (Years 2-20) <sup>2</sup>	<b>583g/t Sc</b>
Sc <sub>2</sub> O <sub>3</sub> Average Production Rate (Years 2-20)	<b>49.2tpa Sc<sub>2</sub>O<sub>3</sub></b>
Processing Plant Sc Recovery (Years 2-20)	<b>88%</b>
Construction period	<b>18 months</b>
Commissioning and ramp up period	<b>18 months</b>
Life of Mine (including commissioning and ramp up period)	<b>20 years</b>
Long Term Sc <sub>2</sub> O <sub>3</sub> Price Assumption (99.9% purity)	<b>US\$1,500/kg Sc<sub>2</sub>O<sub>3</sub></b>
Exchange Rate	<b>A\$/USD 0.75</b>
Total Capital Cost <sup>3</sup>	<b>A\$100M</b>
Average Sc <sub>2</sub> O <sub>3</sub> C1 Cash Cost (Year 2-20) <sup>4</sup>	<b>A\$593/kg Sc<sub>2</sub>O<sub>3</sub> US\$444/kg Sc<sub>2</sub>O<sub>3</sub></b>
Net Present Value (NPV) – post tax <sup>5</sup>	<b>A\$273M</b>
Internal Rate of Return (IRR) – post tax	<b>33%</b>

1. Autoclave feed rate. Following 18-month commissioning and ramp up period

2. Includes pit selection, dilution and mining factors applied

3. Includes A\$4.5M contingency on capital costs

4. Excludes commissioning and ramp-up operating costs and scandium oxide production during year 1 and royalties

5. Post Tax, 8% discount rate, 100% equity, real terms

As indicated above, that Company believes that, subject to development of off-take for scandium, the optimal development plan would be to produce scandium as a by-product of nickel and cobalt sulphate production. Much of the design and engineering developed for the stand-alone scandium project can be readily incorporated in the Nickel / Cobalt Project and that work has already commenced.

### Offtake Marketing

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 received strong expressions of interest for offtake of the Syerston nickel and cobalt sulphate materials from a number of these parties.

The Company has entered into a 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 MoU's define certain key terms of the offtake contracts including volumes, pricing structure and delivery terms. As the Bankable Feasibility Study 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 months.

An on-going focus for the Company has been to secure offtake contracts for scandium oxide, given the highly value accretive impact of producing scandium as a by-product to nickel and cobalt sulphate production. Clean TeQ marketing personnel continue to working with a number

of counterparties in the aerospace and solid oxide fuel cell industries with the aim of securing scandium oxide offtake contracts. In addition to these discussions, several offtake opportunities are also being pursued in the automotive, marine and space sectors using Al-Sc sheet, welding wire, extruded parts and powder, which are expected to provide other additional sources of offtake in the future.

## **Clean TeQ Water**

The Clean TeQ Water Division continues to promote our Continuous Ion Exchange Technology with a particular emphasis on the Chinese water market.

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

In August 2016 all government approvals for the establishment and registration of the JV Company, *Shanxi HOYO Clean TeQ Environmental Company Ltd*, were received and the binding Project Agreement under which the JV Company will deliver its initial project was also executed by the parties.

The Project Agreement details the terms under which the JV Company 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 at a waste water treatment plant owned by Hoyo. The proposed project contract provides for the JV Company to be paid a service fee of 1RMB per tonne of water treated, subject to a minimum payment for 9,000 tonnes per day. Clean TeQ has actively pursued a build, own and operate business model, targeting generation of long term sustainable cashflows and favourable economic returns.

Clean TeQ and Hoyo have now made initial equity contributions to the JV Company of US\$200,000 each to fund initial setup and engineering and design works and approvals.

Design and engineering of the plant has been completed and the plans have been submitted to the Shanxi Urban & Rural Planning Design Institute for approval. The approval is expected to be received in the first quarter 2017, with procurement of materials and construction of the plant anticipated to commence shortly thereafter. The construction timetable has been delayed somewhat due to a longer Design Institute approval timeframe than was initially anticipated.

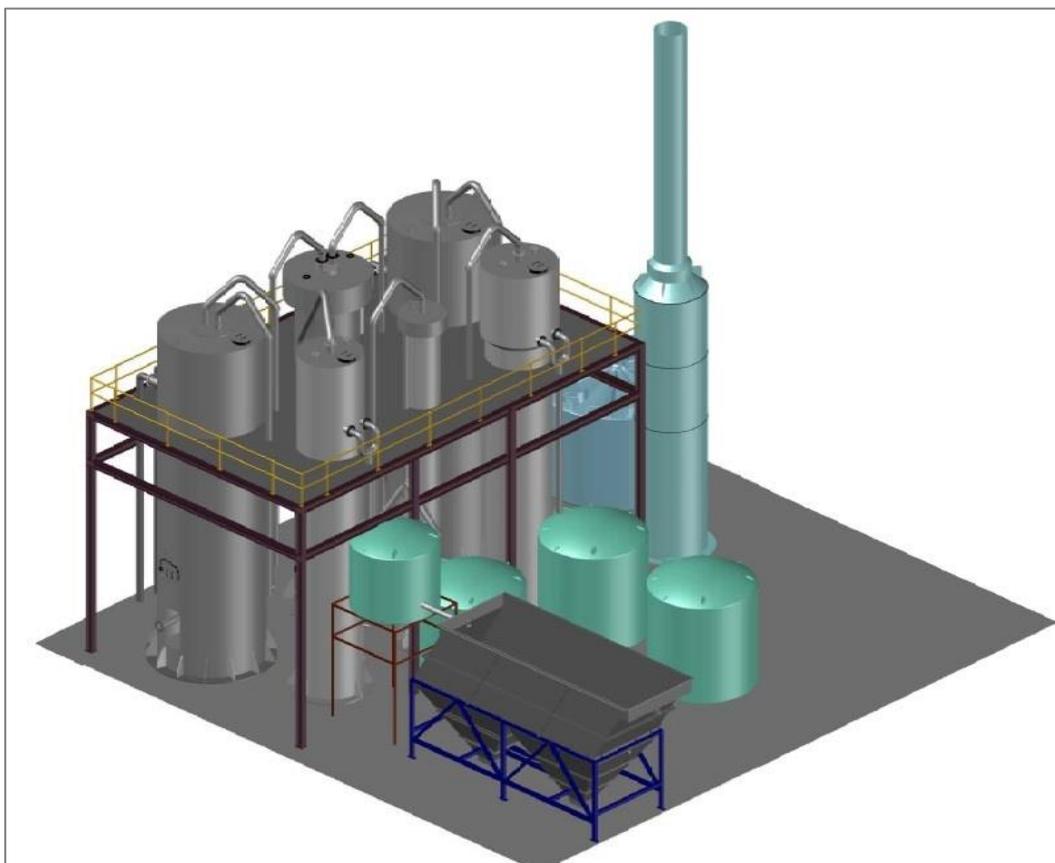
Utilising Clean TeQ's innovative continuous ion exchange technology, the proposed CIF® plant will upgrade treated effluent from an existing wastewater treatment plant to surface discharge quality water for beneficial use in a recreational water park.

Although the Company is highly focused on the delivery of this initial contract/project, a pipeline of other potential projects, in China and elsewhere, also continues to be developed.

**Figure 9: Clean TeQ Executive Director, Mr Peter Voigt (RHS) signing the Project Agreement with Mr Jin Changliu, Executive Vice President from Hoyo**



**Figure 10: Qixian Project water treatment plant design submitted for approval**



During the quarter Clean TeQ also agreed the framework of a partnership with Ionic Industries for the development and commercialisation of Ionic's graphene-based water filtration technologies.

Subject to the agreement receiving the approval of Monash University, the partnership will see Clean TeQ funding a programme of works for product development and testing with the Monash research team and at Clean TeQ's facilities. Subject to Clean TeQ successfully completing this product development and testing phase, Clean TeQ and Ionic will form a joint venture for the purpose of bringing the products to market.

Over the past 6 years, Ionic together with a dedicated research team at Monash University has been developing several graphene-based technologies with enormous potential in the application of water treatment and filtration. The aim of the partnership is to:

- Incorporate Ionic's graphene-coated sand technology into new low cost water treatment solutions to substitute for activated carbon in current markets; and,
- Incorporate Ionic's graphene membrane technology into nano-filtration membrane products for use in water and wastewater filtration applications in industrial and municipal markets.

The partnership with Ionic is consistent with the Company's strategy to research, develop and acquire technologies which are complementary to Clean TeQ's ion exchange technology platform, to broaden and enhance the Company's capability in providing industrial water treatment solutions.

## **Corporate**

As at 30 September 2016 available cash at bank was \$4.7 million with \$0.4 million additional cash on deposit securing performance guarantees.

### **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® continuous ion exchange technology, is a leader in metals recovery and industrial water treatment.

**About the Syerston Project** – Clean TeQ is the 100% owner of the Syerston Project, located in New South Wales. The Syerston Project is one of the largest and highest grade scandium deposits in the world and one of the highest grade and largest nickel and cobalt deposit outside of Africa.

For more information about Clean TeQ please visit the Company's website [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.*

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

CLEAN TEQ HOLDINGS LIMITED

**ABN**

34 127 457 916

**Quarter ended ("current quarter")**

September 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	133	133
1.2 Payments for		
(a) research and development	(300)	(300)
(b) product manufacturing and operating costs	(335)	(335)
(c) advertising and marketing	(72)	(72)
(d) leased assets	(55)	(55)
(e) staff costs	(753)	(753)
(f) administration and corporate costs	(273)	(273)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,648)</b>	<b>(1,648)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(67)	(67)
(b) businesses (see item 10)	-	-
(c) investments	(265)	(265)

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
(d) intellectual property	-	-
(e) other non-current assets	(997)	(997)
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	20	20
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,309)</b>	<b>(1,309)</b>

<b>3. Cash flows from financing activities</b>	-	-
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	520	520
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(40)	(40)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>480</b>	<b>480</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	7,226	7,226
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,648)	(1,648)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,309)	(1,309)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	480	480

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,749</b>	<b>4,749</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,749	4,749
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,749</b>	<b>4,749</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	191
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	3,000
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The amount in 8.3 is made up of a \$3,000,000 zero coupon promissory note payable to Australia Nickel & Platinum Holding Company Ltd which is due in March 2018. The note was issued to Nickel & Platinum Holding Company (a subsidiary of Ivanhoe Mines Inc.) by a Clean TeQ Holdings Limited group company as part consideration for the acquisition of Ivanplats Holding Company Pty Ltd, which holds 100% title to the Syerston exploration licences.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(200)
9.2 Product manufacturing and operating costs	(50)
9.3 Advertising and marketing	-
9.4 Leased assets	(55)
9.5 Staff costs	(750)
9.6 Administration and corporate costs	(270)
9.7 Other (provide details if material)	(1,000)
<b>9.8 Total estimated cash outflows</b>	<b>(2,325)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Company secretary)

Date: 31 October 2016

Print name: .....MELANIE LEYDIN.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.