

11 October 2019

SUNRISE BATTERY MATERIALS COMPLEX PROJECT UPDATE

Key engineering milestones progressing

Project execution to transition to an EPCM approach

Fluor Australia appointed to deliver Project Execution Plan

MELBOURNE, Australia – Mr Sam Riggall, Chief Executive Officer of Clean TeQ Holdings Limited (**Clean TeQ** or **Company**) (ASX/TSX:CLQ; OTCQX:CTEQF), provides the following update relating to progress at its wholly-owned Clean TeQ Sunrise Battery Materials Complex in central New South Wales (**Project** or **Sunrise**).

As referenced in the Company's ASX release of 30 September 2019, and following completion of several milestones for engineering deliverables, a review has been undertaken to assess a variety of project delivery options for the next phase of the Sunrise Project. This release provides an update on engineering progress and the strategy for Project delivery.

ENGINEERING MILESTONES

Progress has been made on several key design and engineering areas over the past 12 months. These include:

- 1) **Process Plant Design:** Process design criteria and mass balance modelling have been completed with delivery of piping and instrumentation diagrams – key deliverables required in order to progress to commencement of detailed engineering;
- 2) **Procurement and long-lead items:** Key equipment procurement packages have been progressed, including the acid plant, co-generation power unit, sulfate crystallizers, autoclave feed pumps and the ore sizer. These packages have been scoped and tendered, with formal bids received from a range of international suppliers;

- 3) **Specialist constructability and operational design:** Work on design services focused on safety and operability of the plant and efficiency of construction have been actioned including hazard studies, safety in design and a review of constructability and pre-assembly; and
- 4) **Non-process plant infrastructure:** Engineering of non-process plant infrastructure (**NPI**) is progressing steadily with a focus on bulk earthworks, ancillary services and other NPI scope to support the mine and process plant.

Although the process plant engineering work has been running behind schedule, sufficient work has been completed to allow the Company to evaluate a number of potential project delivery alternatives, with the objective of positioning Sunrise to be ready for a final investment decision in mid-2020, subject to the completion of a financing package by that time.

PROJECT DELIVERY STRATEGY

In conjunction with the engineering deliverables, a comprehensive review has been undertaken by Clean TeQ to assess key risks in both the design and delivery of the Project. The review was undertaken to identify the most efficient and effective execution plan, assessing (among other things) the current process plant design, proposed vendors of key equipment packages, contracting risk (as it affects both commercial risk and financing of the Project) and planning undertaken to date for commencement of mobilisation and construction in Australia.

The key outcome of that review is that Project execution will transition to a conventional Engineering, Procurement and Construction Management (**EPCM**) execution approach. A significant factor considered through the review was that Metallurgical Corporation of China (**MCC**) and Clean TeQ have been unable to agree a number of key design, procurement, contracting and project execution matters. These primarily relate to the award of major procurement packages, as well as potential carve-outs to the scope of the EPC proposal.

The Project is best served by a delivery model that provides Clean TeQ with a higher degree of control over key aspects of project execution and management. Accordingly, Clean TeQ and MCC have mutually agreed to terminate the MCC FEED Services Agreement and the EPC Heads of Agreement.

With design and engineering advanced in key areas, the Company will now transition to a conventional EPCM execution model. Under an EPCM Clean TeQ will select a contractor to provide management services for the Project, oversee the appointment of subcontractors to supply major plant and equipment packages and construct the process plant and associated project infrastructure.

Significantly, under an EPCM it is estimated that the Project will still have a significant portion (~65%) of the cost of the process plant delivered by subcontractors and/or vendors under fixed price contracts, with performance guarantees on the packages. In this way, cost and schedule risk remain tightly managed.

PROJECT EXECUTION PLAN

Over coming months Fluor Australia Pty Ltd (**Fluor**), as Sunrise Project Management Contractor (**PMC**), will work with the Company to deliver a comprehensive Project Execution Plan. Fluor is a major global engineering and construction company with 53,000 employees across the globe and a strong local presence in Australia.

Fluor is already actively engaged on engineering activities for the Project and has been part of the integrated engineering team working with MCC in Beijing for the past four months.

The scope of work for the integrated Fluor and Clean TeQ team will include a range of activities intended to deliver a comprehensive Project Execution Plan that sets up the Project for future delivery phases. This scope of work, which is scheduled to conclude in 2Q 2020, includes systematic collation and review of all the feasibility, engineering and project development work undertaken for the Project to date. The principal deliverables contained within the Project Execution Plan are an updated capital cost estimate for the Project, incorporating input from design and engineering work to date, and a revised master schedule for the engineering, procurement, construction and commissioning of the Project.

Prior to making a Final Investment Decision (**FID**), Clean TeQ will select an EPCM contractor for the engineering, procurement and construction phase of the Project.

An EPCM execution approach will provide the Company with a number of distinct advantages, including the ability to:

- 1) Retain full discretion over key design parameters including process plant design, materials selection and equipment selection;
- 2) Maintain full visibility at all times over Project schedule and cost;
- 3) Ensure that all applicable Australian standards and Sunrise approval conditions are adhered to in the final design and construction;
- 4) Determine which subcontractors are selected for key Project deliverables; and,
- 5) Promote effective and efficient working arrangements, with all design, engineering and project management activities to be directed from Australia.

Although a move to an EPCM will result in a delay to the targeted dates for FID and commencement of construction, the Company believes that adopting this delivery model is, for the reasons articulated above, the best and lowest risk course of action.

Clean TeQ Managing Director and CEO, Sam Riggall, stated *“Following a review of our project execution options, we believe that the next phase of the Project is best delivered through an EPCM, managed from Australia. This approach will ensure clear visibility over cost and schedule, while managing execution risk. We sincerely thank MCC for the work completed by them to progress the Sunrise Project in partnership with us over the past year.”*

PROJECT FINANCING

In June 2019 Clean TeQ announced that it had appointed Macquarie Capital to run a partnering process for its wholly owned Sunrise Battery Materials Complex. The decision to commence the partnering process followed numerous inbound enquiries from a range of parties in the electric vehicle supply chain in relation to both project level ownership, long-term offtake and other financing arrangements.

Strong metal price movements in recent months - with nickel prices up 45% over the past year and cobalt up around 40% from recent lows - has prompted increasing interest from the battery and automotive supply chains seeking to identify and secure long-term sourcing options for battery-grade nickel and cobalt sulfate, commencing within the 2023-2025 timeframe.

A number of parties remain engaged in the Sunrise partnering process, reaffirming the global interest in one of the largest, lowest-cost and development-ready nickel/cobalt projects in the world. Clean TeQ is targeting concluding the partnering process in H1 2020 to align with a final investment decision in mid-2020 and will continue to keep shareholders updated in relation to progress.

As at end of September 2019, the Company remains well funded with a cash balance of approximately A\$73 million.

For more information, please contact:

Clean TeQ – Ben Stockdale, CFO and Investor Relations

+61 3 9797 6700

About Clean TeQ Holdings Limited (ASX/TSX: CLQ) – Based in Melbourne, Australia, Clean TeQ is a global leader in metals recovery and industrial water treatment through the application of its proprietary Clean-iX® continuous ion exchange technology. For more information about Clean TeQ please visit the Company’s website www.cleanteq.com.

About the Clean TeQ Sunrise Project – Clean TeQ is the 100% owner of the Clean TeQ Sunrise Project, located in New South Wales. Clean TeQ Sunrise is one of the largest cobalt deposits outside of Africa, and one of the largest and highest-grade accumulations of scandium ever discovered.

About Clean TeQ Water – Through its wholly owned subsidiary Clean TeQ Water, Clean TeQ is also providing innovative wastewater treatment solutions for removing hardness, desalination, nutrient removal, zero liquid discharge. The sectors of focus include municipal wastewater, surface water, industrial waste water and mining waste water. For more information about Clean TeQ Water please visit www.cleanteqwater.com.

FORWARD LOOKING STATEMENTS

Certain statements in this news release constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws. Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company, the Clean TeQ Sunrise Project, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as “may”, “would”, “could”, “will”, “intend”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, “scheduled”, “forecast”, “predict” and other similar terminology, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. These statements reflect the Company’s current expectations regarding future events, performance and results, and speak only as of the date of this new release.

Statements in this news release that constitute forward-looking statements or information include, but are not limited to: statements regarding the negotiation and conclusion of further binding offtake agreements; the potential investment by a strategic investor and/or additional financing arrangements; completing a Project Execution Plan by the end of Q2 2020 and the making of a Final Investment Decision in mid-2020.

Readers are cautioned that actual results may vary from those presented.

All such forward-looking information and statements are based on certain assumptions and analyses made by Clean TeQ’s management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believe are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information or statements including, but not limited to, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; changes in investor demand; the results of negotiations with project financiers; the failure of parties to contracts to perform as agreed; changes in commodity prices; unexpected failure or inadequacy of infrastructure, or delays in the development of infrastructure, and the failure of exploration programs or other studies to deliver anticipated results or results that would justify and support continued studies, development or operations. Other important factors that could cause actual results to differ from these forward-looking statements also include those described under the heading “Risk Factors” in the Company’s most recently filed Annual Information Form available under its profile on SEDAR at www.sedar.com.

Readers are cautioned not to place undue reliance on forward-looking information or statements.

Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this news release.