

2 July 2021

Letter to Shareholders and Webinar

Dear fellow Clean TeQ Water shareholder,

We are delighted to be addressing you as Clean TeQ Water Limited (**Clean TeQ Water** or **Company**) is about to commence trading independently on the ASX following its demerger from Sunrise Energy Metals. Our focused team, a portfolio of innovative technologies and a track record of successful project delivery provide a strong basis for future growth. We welcome all our existing and new shareholders as we look forward to generating value for all stakeholders.

We have commenced the journey towards becoming a diversified global water technology company by substantially strengthening our water treatment portfolio and delivering large scale treatment plants, demonstrating the efficacy of our technologies in our priority markets.

Strong fundamentals

Fresh water is the Earth's most essential commodity. Population growth, the environmental challenges associated with urbanisation, economic development, and climate change are driving the water treatment market to become one of the largest and fastest growing industries in the world. In addition to these challenges, stricter regulation on water effluent quality is being driven by increased public concerns on the effect of micropollutants. These trends are driving demand for innovative water technology solutions.

Clean TeQ Water is well placed to capitalize on these market conditions with its deep expertise and unique portfolio of innovative technologies. Our technologies, which include continuous ion exchange solutions for targeted removal of pollutants, encapsulated bacteria for enhanced biological treatment, and new graphene-based membranes, offer fundamentally new ways to treat water that address some pressing challenges in today's global water sector. With the successful delivery of several commercial sized treatment plants, we have proven the benefits our technology can bring to customers.

Looking ahead

Clean TeQ Water currently targets three main multi-billion dollar markets: municipal re-use, industrial brines and mining wastewater. The projects we have delivered to date indicate the market acceptance and potential of the technologies. We are now at the starting point of our growth path and the signing of three additional

contracts since January this year gives us confidence as we compete for multiple additional projects in the market.

With technology as our core, we are developing new solutions to introduce to the market over the next 1-2 years. Most prominent among these is the graphene oxide nanofiltration membrane which will compete in the \$5 billion global membrane market. Another example is our BIONEX technology, used for nitrate removal, which we are currently implementing at commercial scale in China. This solution combines our continuous ion exchange process, CIF®, and encapsulated bacteria, BIOCLENS®, in a unique combination that is highly effective for dealing with the global nitrate water pollution problem.

Our strategy for growth is to apply our technologies in markets where we have an established presence (Australia, China and Africa), and enter new markets where our technical solutions are urgently needed. Our portfolio approach to technology is intentional as it allows for the implementation of integrated solutions to deliver value propositions to our customers. It also creates substantial internal synergies in the development, design, and delivery of projects. Our diverse portfolio of solutions broadens and enhances our ability to serve the market and enables us to rapidly react to changes in regulation or customer preferences.

Finally, a word about our business model. New water treatment solutions need working installations and happy end-users to grow. Our current focus is to sell integrated technology solutions. As we grow our installed project base, we will seek to expand our consumables business most prominently through the sales of resins, membranes and BIOCLENS. We will address other models of implementation such as 'build, own and operate' (BOO) on a case-by-case basis.

Clean TeQ Water is looking forward to the challenges ahead and we are confident about our ability to meet those challenges while delivering revenue growth and commercializing our new technologies. Our confidence springs from having a team of highly qualified and dedicated staff, an unrivalled set of technologies, and strong support from our largest shareholders.

We hope you are as excited about this new strategy as we are and will continue to support us on this journey.

Executive Chairman

Peter Voigt

Chief Executive Officer

Willem Vriesendorp

Recent updates

We are delighted to announce the appointment of Magda Klapakis who will become our Chief Financial Officer with effect from 1 July.

With more than 25 years extensive financial, accounting and commercial experience, Ms Klapakis brings a wealth of expertise to her new role. Previously, Ms Klapakis held executive roles in both the public and private sector, including ASX listed Tali Digital Limited (formerly Avexa Ltd) and Amrad Corporation Ltd. More recently, she was CFO at both Plexus Healthcare Ltd and Hydrogen Systems Australia.

Ms Klapakis has an acute understanding of a diverse range of industries, from bio and medical technology, to healthcare, renewable energies, mining and business services. Over the course of her career, she has overseen numerous acquisitions and divestments, as well as public capital raises and asset sales.

Ms Klapakis completed a post graduate diploma in Accounting at Monash University and is a Fellow of the Australian Society of CPAs.

Upon its demerger from Sunrise Energy Metals, Clean TeQ Water is well capitalized to progress its plans. As at 1 July 2021, the Clean TeQ Water group of companies had total cash on hand (unaudited) of A\$16 million and no debt.

Clean TeQ Water has also made good progress in implementing the three new contracts signed in January. Civil construction has started for the water re-use project in Queensland, while in both the Oman and the Ordos projects we are making substantial progress in manufacturing components.

Webinar

For a more detailed update on Clean TeQ Water we invite you to join a webinar and Q&A on **8 July at 11am (AEST)** where CEO Willem Vriesendorp will talk to the attached presentation. Following the presentation, webinar attendees will be able to ask questions of the management team. The registration link for the webinar can be found at https://us02web.zoom.us/webinar/register/WN_oH0cWs4NRLagZA3p3-8gQA

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This announcement is authorised for release to the market by the Board of Directors of Clean TeQ Water Limited.

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 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 news release. 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.



General Introduction

CLEAN TEQ WATER

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Key Dates & Data

18 June

Shareholder meeting
for approval of demerger
Clean TeQ water (CNQ)
and Sunrise Energy
Metals (SNR)

1st July

Distribution of CNQ
shares

2nd July

Start trading CNQ



~7,500
shareholders



45 million
shares

WATER TREATMENT

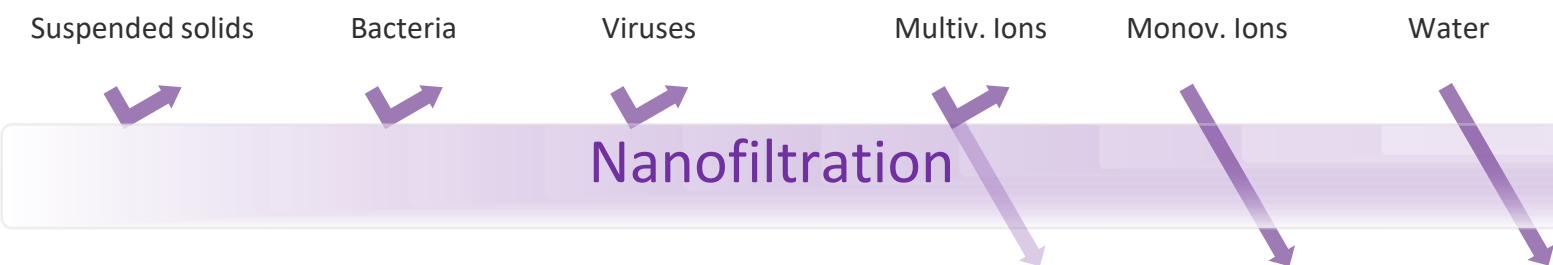


Metal recovery



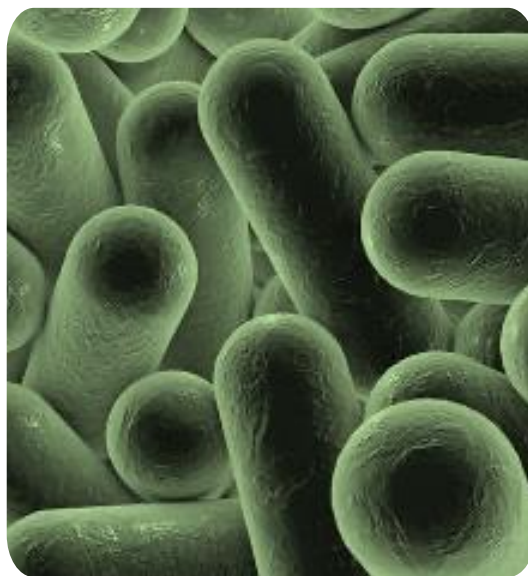
Graphene oxide membranes

NEMATIQ



Encapsulated bacteria

BIOCLENS™



Resin Technology Background

CLEAN
TEQ
WATER



Continuous ion exchange has been specifically adapted by Clean TeQ Water for water treatment applications



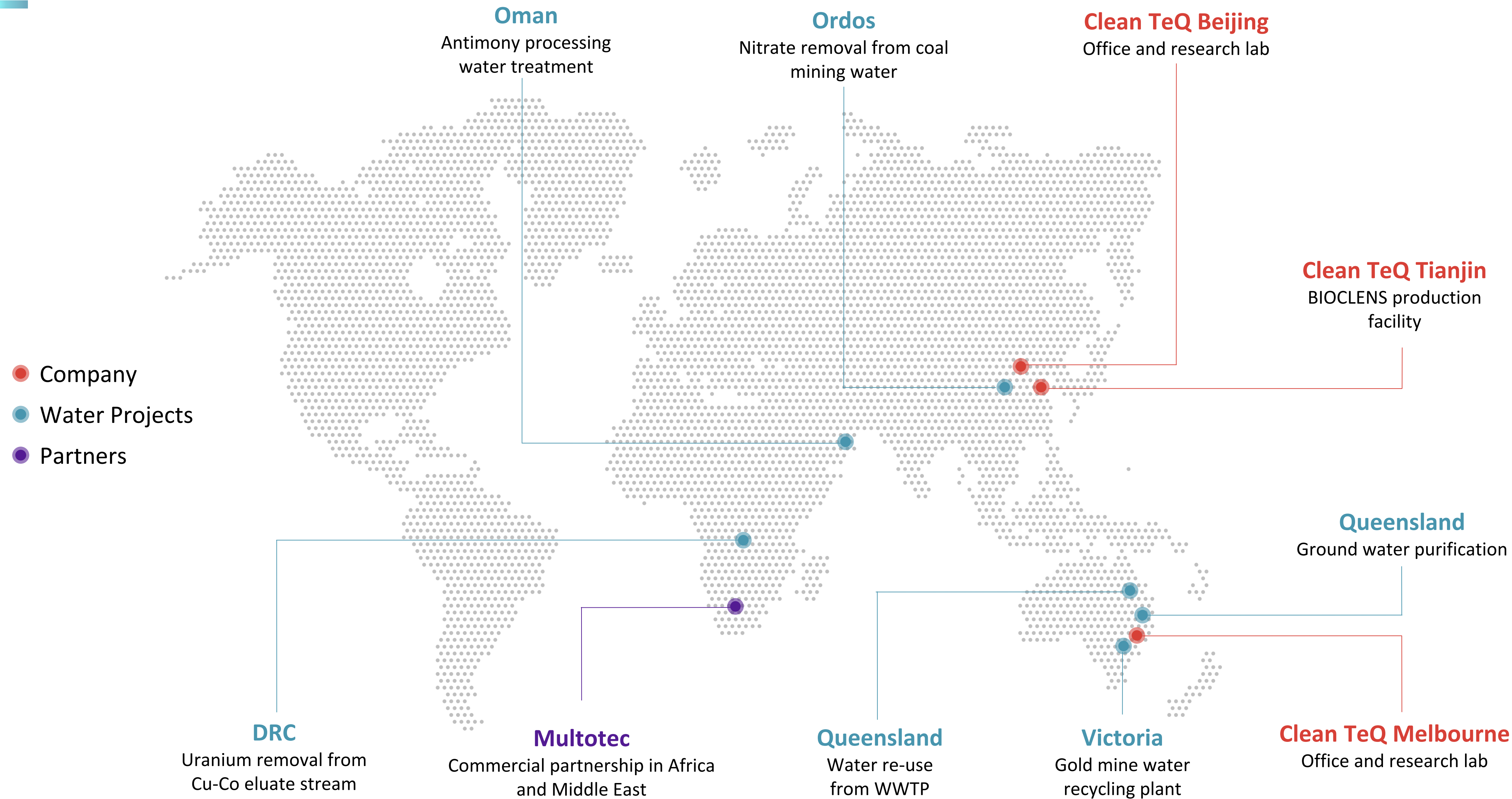
Clean TeQ holds over 10 patents and extensive know-how



Continuous ion exchange originates from the former Soviet Union where around 40 plants are still in operation*

* Installed by 3rd parties used for metal recovery

Our Reach



Current Target Markets

Industrial Brine Treatment



Municipal Effluent Re-Use



Mining Waste Water and Metal Recovery



Annual Market Size

> US\$ 20 BLN

> US\$ 20 BLN

US\$ 5 - 10 BLN

Challenges

- Nitrate, ammonia and organics
- Need for brine minimization
- Use of membranes

- Brine production and disposal
- Total Cost
- Nutrient removal

- Complex waste waters, brine / tailings management
- Recovery/removal of metals

Clean TeQ Water
proprietary Solutions

- HIROX and EVAPX for brine and cost minimization
- BIOCLENS for nitrate/ammonia removal from brines

- BIONEX for nitrate removal
- HIROX for maximum recovery

- CIF for removal/recovery of target species
- DESALX for brine free desalination

Clean TeQ Water
Benefits

- More robust/less complex flow sheets
- Less brine leading to much lower OPEX

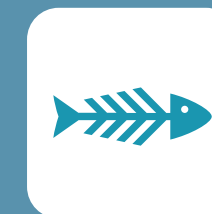
- Maximum recovery, minimum brine
- Lowest TCO and footprint

- Targeted and thorough removal of target ions producing highly concentrated & pure eluate
- Simple low OPEX flowsheets

SERIOUS GLOBAL NITRATE PROBLEM



Nitrate in drinking water linked to thousands of cancer cases and birth defects



Nutrients causing algal blooms resulting in lower oxygen and ecosystem destruction

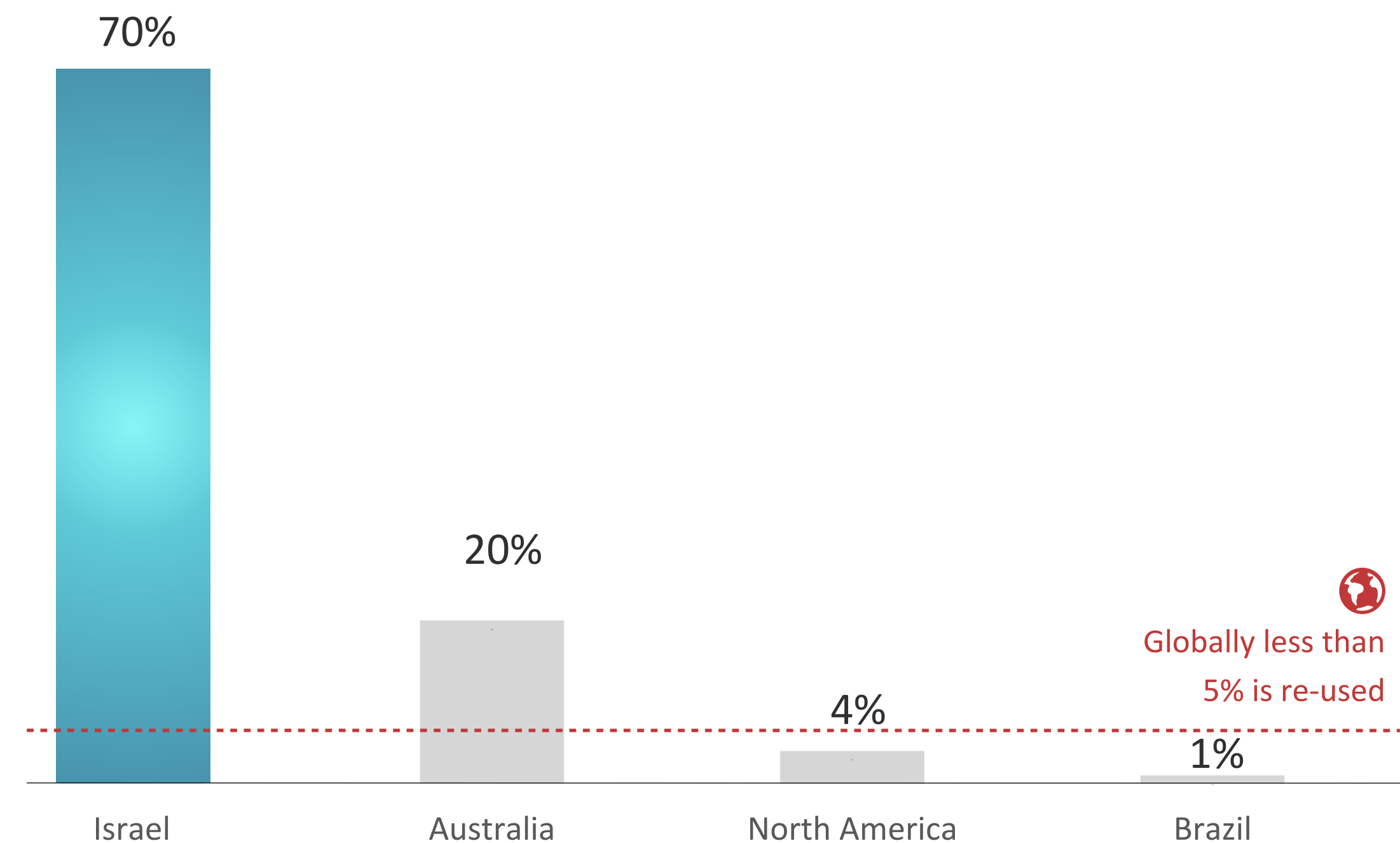
Target Market 2: Municipal Re-use

Waste water plant effluent is already relatively clean and can be a reliable low cost source of additional water supply



Only Israel and Singapore have substantial water re-use, with other areas like California and Australia moving in this direction

FEW COUNTRIES RE-USING MUNICIPAL EFFLUENT



Source: https://www2.deloitte.com/content/dam/Deloitte/pl/Documents/Reports/pl_Water-Tight-2-0-The-top-trends-in-the-global-water-sector.pdf



50 BILLION OF ANNUAL
MINING REVENUE AT
RISK



27% of production is
estimated to be at risk from
water stress by 2030E



The global mining equipment water
treatment market estimated to
reach **US\$8 billion** by 2030

Clean TeQ also targets the
recovery of valuable metals
from mining waste streams

Unique Technology Solutions

Encapsulated Bacteria Lenses



Intensification of nitrification and denitrification to achieve lower footprint and operate under harsh conditions of high salinity and toxicity

Continuous Ionic Filtration



Moving resin beds in counterflow to water to improve treatment efficiency, reduce chemical use, produce smaller volume brines and filter solids

Complete Nutrient Removal



Resins to remove TN from main effluent irrespective of temperature and composition with BIOCLENS used to remove TN from concentrated brine

Chemical Free Ultra high Recovery RO



CIF removes hardness to maximize recovery and membrane life, while produced brine is used to regenerate the resins without need for additional chemicals

Membrane Free Desalination



Chemical removal of divalent ions resulting in ultra-high recovery of complex waste water at low cost without producing saline brines

Low Energy Evaporation/ Crystallization



Low temperature normal pressure evaporation to minimize energy use, reduce scaling and fouling risks and enable the re-use of waste heat

Recent Case Examples



Handed over

A\$ 0.6m

Antimony Processing Plant

- Oman
- 500 tons/day
- DESALX + Reverse Osmosis for re-use
- Commissioning Complete



Handed over

A\$ 4.2m

Gold Mine Wastewater

- Victoria, Australia
- 2000 tons/day
- Removal of Sulphate, Calcium, Magnesium, Arsenic, and Antimony

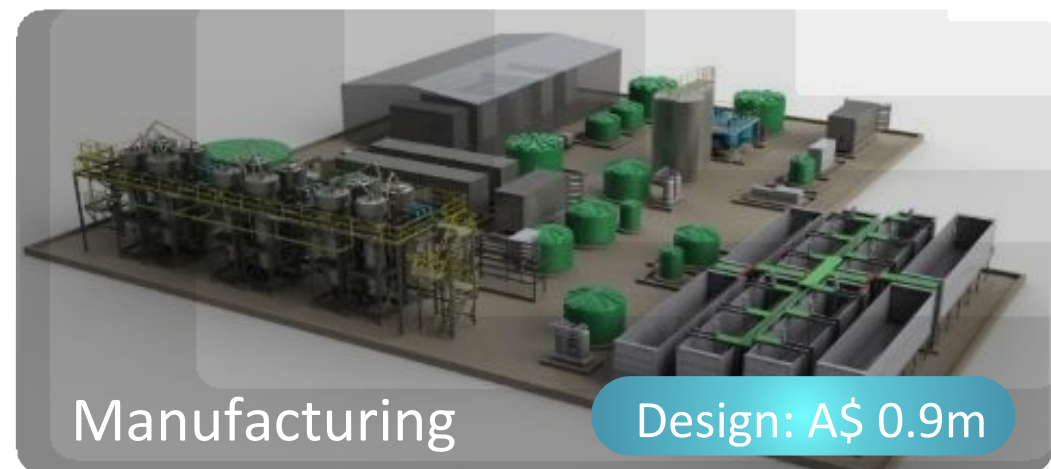


Hot Commissioning

A\$ 2.4m

Cobalt Nickel Raffinate

- Democratic Republic of Congo
- 20,000 tons/day
- Removal & recovery of Uranium through CIX



Manufacturing

Design: A\$ 0.9m

(Won tender: ~ A\$ 16m)

Sewage recycling

- Townsville, Queensland
- 10,000 tons/day for agriculture, 5,000 m3/day for industry
- 98% recovery through HIROX



Manufacturing

A\$ 1.8m

Bore water to drinking water

- Koumala, Queensland
- 100 tons/day
- Removal of hardness, salinity and disinfection



Manufacturing

A\$ 2.0m

Coal mine water nitrate removal

- Ordos, China
- 12,000 tons/day
- BIONEX, effluent nitrate <1 throughout the year

#1

Build on our unique portfolio of innovative technologies and solutions

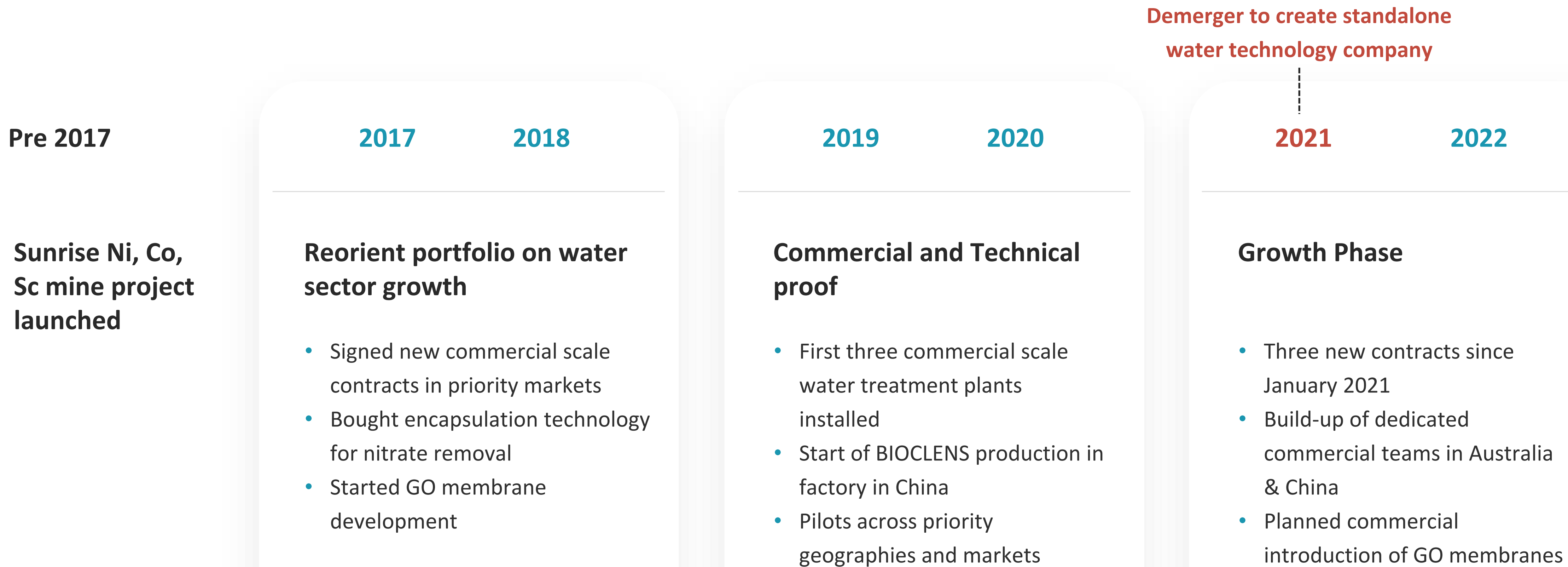
#2

Focus on selected large and high growth sectors and regions that fit our solutions

#3

Provide integrated technology solutions, BOOT* and consumables

*Build, Own, Operate and Transfer. I.e. invest in an asset and provide water treatment as a service under long term supply contract



Industrial Brine Treatment



- Cooperation with NESR to treat brine in oil and gas sector
- Pilots across China in large chemical plants and aquaculture

Municipal Effluent Re-Use



- Progress of municipal re-use projects in Australia
- In discussions with potential partners for entry into the US

Mining Waste Water and Metal Recovery



- Pilots ongoing for removal of pollutants and metal recovery in China, Africa and Australia
- Increased global focus on Acid Mine Drainage and tailings



CLEAN
TEQ
WATER