

28 July 2023

Quarterly Activities Report and Appendix 4C to 30 June 2023

Clean TeQ Water Limited

ACN: 647 935 948

ASX:CNQ

OTCQX:CNQQF

Corporate Information[#]

Ordinary shares: 57.7M

Performance rights: 4.5M

Cash at bank: \$4.9M

Chairman

Ian Knight

CEO

Peter Voigt

Non-Executive Directors

Sam Riggall

Robyn McLeod

Company Secretary

Anita Addorisio

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[#] As at 30 June 2023

KEY HIGHLIGHTS

Key financial highlights for Q4 FY23 include:

- Quarterly cash receipts of \$4.0 (inclusive of ~\$0.8M in tax incentives) which represents a 60% increase on the previous quarter.
- Positive net operating cash flows of \$0.2M.
- \$4.9M in cash reserves, up from \$4.5M in the previous quarter.

Key Operational highlights include:

- Successful official opening of the Laramba drinking water treatment plant in the Northern Territory.
- Townsville Water Recycling Plant entering the delivery phase.
- Encouraging lithium extraction test results through Go2Lithium Inc. and continued optimisation of cDLE™ (continuous direct lithium extraction) demonstration plant.
- Successful piloting in the mine tailings dewatering market using ATA™ technology.
- First commercial sales of NematiQ Graphene Membranes and accelerating demonstration across multiple applications.
- Purchase order from Heathgate Resources for preliminary design of a uranium CLEAN-IX® U-Column.
- Strong outlook for the second half of CY23 with several projects in the design stage with an expectation of moving to full scale in FY24.
- Focus on maintaining top line revenue growth and delivering profitability.
- Mr Peter Voigt appointed as CEO and Mr Knight appointed as interim Chairman.

Message from the CEO

The fourth quarter of FY23 has seen multiple achievements that provide an indication of the future direction and significant opportunities available to the Company.

The Laramba community in the Northern Territory celebrated a momentous occasion with the inauguration of their drinking water treatment plant. The event, held on April 26th, was attended by NT ministers and represents a significant milestone in our commitment to delivering innovative solutions that greatly benefit the communities we serve.

In this quarter we have received a Purchase Order from Heathgate Resources for Preliminary Engineering Works for the design and supply of a CLEAN-IX[®] system for a Uranium Processing Plant. The design package represents the preliminary work for the overall project which is valued at approximately \$5.5 million. This project would be the first in Australia to use our U-Column technology, which provides improved metal recovery outcomes and project economics. According to the terms of the agreement the Company and Heathgate will negotiate in good faith to sign the commercial contract before August 2023. This project further strengthens Clean TeQ Water's portfolio and highlights our expertise in delivering advanced solutions for the mining industry.

The Company continues to strengthen its position with clients through paid test work and technology demonstration across a number of areas including copper extraction from tailings in the DRC (CLEAN-IX[®]), sulphate removal from waters in South America (DESALX[®]), phosphate removal from industrial waters in Europe (PHOSPHIX[™]) and tailings dewatering in South Africa and USA (ATA[™]). These pilot projects serve as crucial demonstrations of our capabilities and allow customers to assess the feasibility and effectiveness of our solutions before committing to the larger-scale projects.

With the accelerating move to renewable energy and lithium batteries in particular the extraction and purification of lithium is becoming critical. Direct lithium extraction (DLE) is seen as the next big technical step, and our unique experience in continuous ion exchange technology has allowed us to enter this market with a world leading offering. Go2Lithium, our joint venture with Computational Geosciences provides the steppingstone to the lithium markets. Go2Lithium are currently undertaking test work with a number of lithium brine companies and evaluating further opportunities.

We are also pleased to announce that NematiQ, our Graphene Membrane division, has achieved its first commercial sales. Water Source Australia are deploying NematiQ's 8040 membrane in their IoT-enabled drinking water cabinet. This represents an important milestone for any new technology company as it provides real validation of the product. We are now exploring paths for rapid commercialisation of NematiQ's technology.

Q4 FY23 CASH FLOW

Cash Receipts in Q4 FY2023 of \$4M were up by approx. 60% vs \$2.4M in the March Quarter. Payments for product manufacturing and operating costs in Q4 2023 were \$1.8M, down from \$1.9M in the previous quarter.

The Company is pleased to report positive net operating cash flows for the quarter of \$0.2M. This result demonstrates Clean TeQ Water's continued execution of the strategy to pursue high margin revenue growth whilst maintaining a disciplined cost approach.

An annual Australian R&D Tax Incentive of \$0.8M, relating to the 2022 financial year, was received in the June Quarter.

As of 30 June 2023, the Company had cash reserves of \$4.9M. The Company has no debt or convertible instruments. A summary of the revenue and expenditure incurred during the quarter is detailed in the attached unaudited Appendix 4C.

Q4 FY23 OPERATIONAL HIGHLIGHTS AND OUTLOOK

Water Solutions – Projects Update

Ion Exchange Uranium Removal Project (Laramba, NT, Australia)

Clean TeQ Water was engaged by Power and Water Corporation to improve the drinking water quality for the residents of the Laramba community and Napperby Station. A customised ion exchange plant with a capacity of 360,000 litres per day was installed to reduce the naturally occurring uranium to below the Australian Drinking Water Guideline (ADWG) Levels. The project was funded by the Territory Labor Government's \$28 million commitment to address critical water supply infrastructure needs in remote Aboriginal communities that are experiencing water quality and security stress.

The project was completed on time, under budget and to specification. Initial water quality testing has demonstrated the effectiveness of the plant, removing uranium to <1 ppb, much lower than the ADWG value of 20 ppb.

Clean TeQ Water continue to support Power and Water Corporation to ensure reliable operations and minimum disruption to the water supply.



The plant's ribbon being cut by Minister for Essential Services Selena Uibo, and Central Desert Regional Council President Adrian Dixon



Photo of the Laramba Water Treatment Plant in Remote NT

Townsville City Council Project (Cleveland Bay Purification Plant)

In November 2022, the Company entered a significant contract valued at around \$10 million with civil engineering partner, A. Gabrielli Construction (AGC). The contract's objective is to construct and deliver a state-of-the-art Recycled Water Treatment Facility (WTF) with a capacity of 15 megalitres per day (MLD) at the Cleveland Bay Purification Plant. The project is an integral part of a larger agreement aimed at providing water treatment and distribution services for the Townsville City Council (TCC).



Finished concrete slab and shed nearing completion on site in Townsville

As per the contract terms, AGC, serving as the head contractor, holds the responsibility for the comprehensive integrated design and construction, encompassing all civil and infrastructure-related tasks. Clean TeQ Water has taken charge of designing and constructing the water treatment plant, which is designed to produce Class A water suitable for industrial process reuse and irrigation purposes.

In the recent quarter, the project successfully transitioned to the delivery phase. Notably, significant equipment items required for the facility are currently being delivered and installed on-site. These items include tanks, pumps, and flow meters, which are crucial components for the operational efficiency of the water treatment plant.

NESR HIROX[®] Well Water Treatment Project (Iraq, Middle East)

This project utilises the Company's HIROX[®] technology to treat non-potable well water to the quality required for well completions. BP is the end-user of this plant, and the solution provided is expected to greatly diminish the amount of water extracted, as well as the energy and chemicals consumed per ton of treated water.

The commissioning phase is currently in progress and expected to be finalised in Q1 FY24.

The project continues to be a priority for the Company, as we recognise the substantial demand from major oil and gas clients for such technologies that aid in reducing their water and carbon footprint.



Commissioning of the NESR HIROX® project underway

EVAPX® Agricultural Brine Treatment Project (NSW)

The EVAPX® plant treats a contaminated brine stream with the aim of recycling the salt and producing clean water for reuse or discharge. Efforts are ongoing to fine-tune the plant's calibration, aiming to reach its nameplate capacity and accommodate more complex input streams. Notably, the EVAPX® solution Clean TeQ Water implemented in this project is one of the few technologies globally that is capable of effectively managing the intense organic, solids, and salt content.

Water Solutions – Business Development

The Company continues to actively engage in business development initiatives across various priority sectors in both Australia and other parts of the world. These endeavours encompass participation in significant ongoing tenders.

The Company has identified remote Australian communities as a particularly promising direction, especially following the successful delivery of the Laramba project, which is the first project to be delivered as part of the Territory Labor Government's \$28 million commitment to remote Aboriginal communities. Potential funding sources for similar projects include \$150 million of Federal Government funding through the National Water Grid Authority, and \$200 million for water and power infrastructure as part of the WA Government's Remote Communities Fund.

The Company has identified increased interest from industrial customers who are looking to improve their water recycling and effluent quality, driven by regulatory requirements and internal ESG goals. This trend is particularly evident in Europe where the Company has recently expanded its operations and have initiated our first pilots.

Furthermore, the Company is performing paid piloting for potential projects in South America, Europe, and DRC. These pilots play a vital role as the final stage before the customers make decisions on awarding the full-scale projects. Through these pilot projects, the Company can demonstrate its capabilities, allowing customers to assess the feasibility and effectiveness of the proposed solutions before committing to larger-scale implementations.

These strategic pilot initiatives not only validate Clean TeQ Water's technological capability, but also strengthen its position in the market by providing valuable insights and demonstrating the effectiveness of its solutions. As industrial customers increasingly prioritise sustainable practices to meet regulatory requirements and internal ESG goals, the Company's expertise and successful pilot projects position it as a leading provider of water recycling and effluent treatment solutions.

Metal Recovery – Projects Update

Uranium

This quarter we have received an order from Heathgate Resources. The order is for the initiation of Preliminary Engineering Work, focusing on the design and supply of CLEAN-IX® technology for a Uranium Processing Plant.

Lithium

Go2Lithium, the joint venture with Computational Geosciences Inc. for lithium extraction from brines in North America using Clean TeQ Water's propriety Continuous Direct Lithium Extraction (cDLE™) technology continued to progress with test work being conducted on brines from North American sources. The lithium extraction results from these tests are very encouraging and lead us to believe that the process will offer world class economics. Go2Lithium also launched its website, www.go2lithium.com. We are anticipating Go2Lithium will become actively involved in the lithium brine space during Q1 FY24.

We will offer the industry access to a demonstration size cDLE™ plant and work is in progress to optimise the plant based on test work results.



Go2Lithium demonstration plant – Adsorption skid

Kamoa-Kakula Tailings (DRC)

Work continued on the recovery of copper from the Kamoa-Kakula flotation tailings. Activities were directed towards mechanical and chemical activation of the tailings to increase flotation recovery prior to additional recovery using ATA™ for solids – liquid separation and CLEAN-IX® for soluble copper recovery. Both mechanical and chemical activation provided improved outcomes and results are currently being assessed as potential full scale applications.

ATA™ Dewatering Technology

During the quarter, Clean TeQ Water extended its option as the exclusive global licensee for the Soane Lab patented ATA™ dewatering technology.

Work continued on demonstrating the benefits of ATA™ technology to a number of customers including Stitchwise, South Africa, which is currently using geotextile bags in backfill operations.



Compression testing of geotextile backfill bags containing ATA™ solids

NematiQ Graphene Membranes

NematiQ is accelerating the deployment of its ground-breaking spiral wound Graphene Membranes into several applications.

At the end of Q4 FY23, NematiQ has completed two and has a further nine pilot trials in progress. After completion of laboratory level studies, a further seven pilot trials have been identified to start in FY24.

The first sales of Graphene Membranes were made to Water Source Australia in Q4 2023. Water Source are deploying NematiQ's 8040 membrane in their IoT-enabled drinking water cabinet. The manufacture of the drinking water cabinets is expected to take place in Q1 and Q2 FY24.

Additional early sales have been recorded in domestic drinking water systems, analytical equipment, pharmaceuticals, speciality nanomaterials, textiles and for grey water treatment for trial purposes. When these trials are completed, sales volumes are expected to increase.

The inventory of 1812, 2540, 4040 and 8040 modules has been increased in Q4 FY23 in anticipation of further and accelerating sales in FY24.

Corporate

Peter Voigt was appointed interim Chief Executive Officer on 1 May 2023 replacing Chief Executive Officer of Willem Vriesendorp. Peter had been serving as Executive Chairman of the Company since February 2021. Peter is the Company's founder and has had a long and continuous involvement in the Company over a 30-year period.

Ian Knight was appointed as acting Chairman. Ian had been serving as the Company's Lead Independent Non-Executive Director since April 2021.

As disclosed in the attached Appendix 4C, payments to related parties and their associates during the quarter totalled \$136,248 (as disclosed under section 6.1) relating to all fees, salaries and superannuation paid to Clean TeQ Water's Directors for the June 2023 Quarter.

Outlook

The Company has significant activities planned for the current quarter including:

- Initial paid design work on preliminary engineering work for Heathgate Resources.
- Continuation of the deployment of our large-scale cDLE™ (continuous direct lithium extraction) demonstration plant, in parallel to ongoing negotiations about project participation.
- Additional pilot demonstration results for the NematIQ Graphene Membrane technology and likely commercial contract(s).
- Paid pilot projects in South America and Europe, the final step before the customer decides on project award.
- Testing for copper recovery from tailings at Ivanhoe's Kamoakakula project using Clean TeQ Water's ATA™ and CLEAN-IX® technologies.

For more information, please contact:

Peter Voigt

CEO and Investor Relations

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

About Clean TeQ Water Limited (ASX: CNQ) – Based in Melbourne, Australia, Clean TeQ Water provides innovative metals recovery and water treatment solutions for governments and companies. Our sectors of focus include municipal wastewater, surface water, industrial wastewater, and mining wastewater. Clean TeQ Water has offices in Melbourne, Perth, Beijing and Tianjin, and partners in Africa and Latin America. We provide turnkey metals recovery and water treatment plants everywhere in the world.

For more information about CNQ please visit www.cleanteqwater.com.

FORWARD-LOOKING STATEMENTS

Certain statements in this announcement 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 using words such as “may”, “would”, “could”, “will”, “intend”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, “scheduled”, “forecast”, “predict”, “potential” 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 announcement. Readers are cautioned not to place undue reliance on forward-looking information or statements.

Although the forward-looking statements contained in this announcement 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 announcement 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 announcement. For more information about Clean TeQ Water please visit the Company’s website www.cleanteqwater.com.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

CLEAN TEQ WATER LIMITED

ABN

12 647 935 948

Quarter ended ("current quarter")

30 June 23

Consolidated statement of cash flows	Current quarter A\$'000	Year to date (12 months) A\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,986	12,689
1.2 Payments for		
(a) research and development	(166)	(568)
(b) product manufacturing and operating costs	(1,801)	(8,750)
(c) advertising and marketing	(60)	(222)
(d) leased assets	-	-
(e) staff costs	(1,705)	(6,808)
(f) administration and corporate costs	(535)	(2,393)
(g) insurance costs	(344)	(481)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	35	82
1.5 Interest and other costs of finance paid	(7)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	768	768
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	171	(5,690)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(41)	(203)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter A\$'000	Year to date (12 months) A\$'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(41)	(203)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,957
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(246)
3.5 Proceeds from borrowings	316	316
3.6 Repayment of borrowings	(76)	(76)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (repayment of lease liabilities)	(5)	(76)
3.10 Net cash from / (used in) financing activities	235	4,875

4. Net increase / (decrease) in cash and cash equivalents for the period	-	-
4.1 Cash and cash equivalents at beginning of period	4,454	5,903
4.2 Net cash from / (used in) operating activities (item 1.9 above)	171	(5,690)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(41)	(203)

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (12 months) A\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	235	4,875
4.5	Effect of movement in exchange rates on cash held	29	(37)
4.6	Cash and cash equivalents at end of period	4,848	4,848

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter A\$'000	Previous quarter A\$'000
5.1	Bank balances	4,632	2,592
5.2	Call deposits	216	362
5.3	Bank overdrafts	-	-
5.4	Term Deposits	-	1,500
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,848	4,454

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
A\$'000**

(136)

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

6.1: Includes Director fees and salary (including superannuation) for the Non-Executive and Executive Directors.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end A\$'000	Amount drawn at quarter end A\$'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	216	362
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.3 Cash backed bank guarantees secured against amounts held within a restricted Cash Deposit Account (5.2), issued in accordance with contractual performance obligations.

8. Estimated cash available for future operating activities	A\$'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	171
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,848
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,848
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	28.35

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable as 2.15 is greater than 2.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

Date: 28 July 2023

Authorised by the Board of Directors of Clean TeQ Water Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.