

31 October 2023

Quarterly Activities Report and Appendix 4C to 30 September 2023

Clean TeQ Water Limited

ACN: 647 935 948

ASX: CNQ

OTCQX: CNQQF

Corporate Information[#]

Ordinary shares: 65.1M

Performance rights: 3.7M

Cash at bank: \$2.2M

Chairman

Ian Knight

CEO

Peter Voigt

Non-Executive Directors

Sam Riggall

Robyn McLeod

Company Secretary

Anita Addorisio

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[#] As at 30 September 2023

HIGHLIGHTS

Key highlights Q1 FY24 include:

- \$5.6m contract awarded by Heathgate Resources for a Uranium Processing Plant in South Australia.
- Proof of Performance achieved in the commissioning phase of the HIROX[®] Water Recovery Plant in the Middle East.
- Landmark equity agreement between LithiumBank Resources Corp and Go2Lithium Inc.
- Acquisition of ATA[®] accelerated dewatering technology completed.
- Advanced discussions on the formation of a joint venture aimed at accelerating our expansion into the global mine tailings management industry.
- Strong outlook for the next six months, with several projects in the design or piloting stage and an expectation of moving to full scale in FY24.
- Quarterly cash receipts of \$2.9m.
- Net cash used in operating activities was \$2.5m.
- The Company has \$2.2m in cash reserves as at 30 September 2023.

Message from the CEO

During the initial quarter of FY24, we have continued to deliver on the current projects in hand and moved to progress a number of opportunities to leverage our technologies into the very large markets in purification and processing of lithium and tailings management.

In the June quarter, we were awarded an initial design contract for the Heathgate Uranium Project which has now progressed to the award of a \$5.6 million contract for the design and supply of a CLEAN-IX[®] system for a Uranium Processing Plant. This project will be the first in Australia to use our U-Column technology, which provides improved metal recovery outcomes and project economics. This project will serve as a key reference for our mining customers who have been considering CLEAN-IX[®] in their processing flowsheets.

The Company also made considerable headway with current projects, including the Townsville Water Recycling Project, which is scheduled to be completed in Q3 FY24. The project is well positioned to be delivered on time and budget. In the Middle East, the commissioning of the HIROX[®] plant has successfully reached the proof of performance stage and handover is expected in Q2 FY24. The water recovery achieved by HIROX[®] in this application is 100% better than conventional RO approaches, an important outcome for freshwater-stressed sectors. In China, the Ordos nitrate removal project has progressed, after delays due to water quality and chemical shortages, and is expected to be handed over in Q2 FY24.

During the quarter, we progressed the strategic intent of our joint venture company, Go2Lithium, through an equity-for-technology deal with LithiumBank Resources Inc., Canada. Go2Lithium has become a strategic shareholder in LithiumBank through the issue of shares. Upon satisfaction of specific milestones, up to 14 million shares, which represents approximately 26% of LithiumBank, will be issued to Go2Lithium. The licensing arrangement provides the Company with exposure to some of North America's largest brine assets, including LithiumBank's Boardwalk and the Park Place Projects. As part of the licensing arrangement, the Company is providing a cDLE[®] pilot plant which will be used to demonstrate the technical and economic advantages of the cDLE[®] process. It is our expectation that this will see increased activity for the Company in the lithium space for lithium extraction and lithium purification.

Over the last 12 months, we have been trialling the ATA[®] rapid dewatering technology under licence from Soane Labs, USA. The results of the trials were very encouraging, and the Company has now purchased the technology outright.

The global inventory of mine tailings is estimated at 282 billion tonnes, with 16 billion tonnes of new mine tailings being produced every year¹, representing a significant opportunity to use Clean TeQ technologies to convert liabilities into valuable assets. Given the immense size of the tailings management market, we have taken the strategic decision to market and deliver our ATA[®] and CLEAN-IX[®] through a JV structure. We are currently in the process of establishing a Joint Venture with a mine tailings management company based on a similar principle to the Go2Lithium JV.

With Clean TeQ's proprietary ATA[®] and CLEAN-IX[®] technologies embedded within the JV, it will have the capabilities required to offer the mining industry a holistic, end-to-end mine tailings rehabilitation solution.

¹ The Global Tailings Review, ICMM, UNEP, PRI (via [Visual Capitalist](#))

We are continuing to demonstrate the advantages of our technologies in sulphate removal (DESALX®) in South America and Europe in the mining and metallurgical industries. The results are very encouraging, and we would expect these demonstrations to provide a good foundation for future work. The work on phosphate removal and recovery (PHOSPHIX®) from industrial waters continues to gain traction in Europe in the dairy and pharmaceutical areas where regulations will become more stringent in 2026.

NematiQ is continuing to engage with customers across several industries, including drinking water, agriculture, food & beverage, and pharmaceuticals to establish the advantages of the Graphene Membrane and the benefits it can deliver to customers over the current conventional membrane technologies. The Company has continued to make commercial sales during the quarter.

NematiQ was also named one of Australia's most innovative manufacturers by the Australian Manufacturing Forum, being recognised for its innovative layer-by-layer manufacturing approach to membrane manufacture and the potential impact the technology can make on the global water industry.

Q1 FY24 CASH FLOW

Cash Receipts in Q1 FY24 of \$2.9m were up by approx. 50% vs \$2m in the previous corresponding period (PCP) (Q1 FY23: \$2m). Payments for product manufacturing and operating costs in Q1 FY24 were \$2.7m as the group entered the peak delivery and installation phase of the Townsville project.

The cash flow reflects the phases the projects at the time with payment milestones from customers being concentrated at the start (signing, design, ordering, start shipping) and the end (final construction and commissioning). Four out of our five active projects (NESR, Ordos BIONEX™ Nitrate removal project, Townsville project, and the EVAPX® Technology Project) are currently being commissioned.

As of 30 September 2023, the Company had cash reserves of \$2.2m. The Company has no debt or convertible instruments other than insurance premium financing. A summary of the revenue and expenditure incurred during the quarter is detailed in the attached unaudited Appendix 4C.

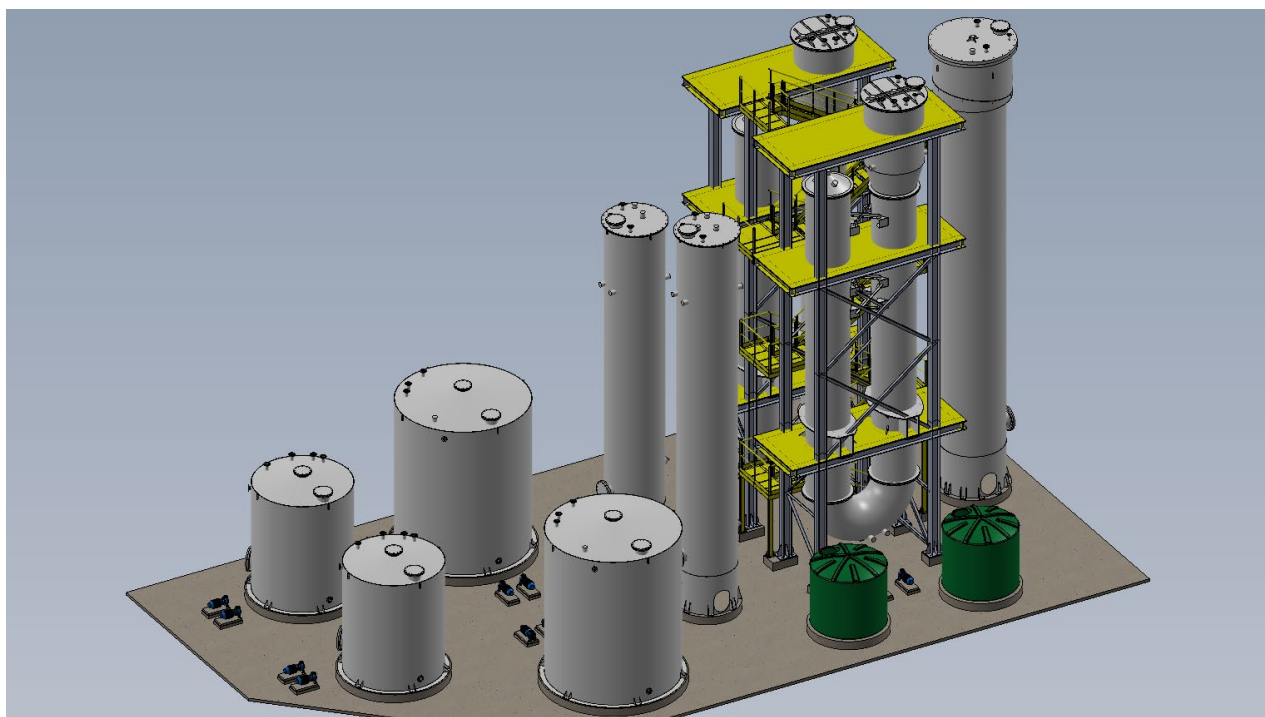
Q1 FY24 OPERATIONAL HIGHLIGHTS AND OUTLOOK

Water Solutions – Projects Update

Heathgate Uranium Processing Plant (South Australia)

In September 2023, the Company was awarded a significant contract valued at around \$5.6 million by Heathgate Resources (“Heathgate”) for the design, supply, project management, and commissioning of a CLEAN-IX® U-Column uranium processing system for their processing plant in South Australia. The preliminary design phase was completed at the end of August 2023 under a separate purchase order.

Clean TeQ’s continuous ion exchange technology will deliver an increased uranium grade while also minimising water use, improving the efficiency of the operation as well as its sustainability.



Preliminary render of the Heathgate Uranium CLEAN-IX® plant

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).

In the recent quarter, most of the equipment items required for the facility were delivered and installed on-site. These items include tanks, pumps, UV sterilisers, and flow meters, which are crucial components of the water treatment plant.



Photo of the Townsville plant showing pumps and UV disinfection units



Photo of installation progress at Townsville

NESR HIROX® Groundwater Treatment Project (Iraq, Middle East)

This project utilises the Company's HIROX® technology to treat non-potable groundwater to the quality required for oil well completion. The HIROX® solution improves the water recovery from 40% to over 80% and reduces the amount of groundwater extracted. It also improves the energy and chemicals consumed per ton of treated water.

The commissioning phase was successfully finalised earlier this month, and the company is now in the process of achieving Practical Completion. The project marked a significant achievement for the Company in its efforts to mitigate the environmental footprint of oil and gas production.



Photo of the HIROX® plant during commissioning in the Middle East

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. While these endeavours encompass participation in significant ongoing tenders the Company is gradually changing its focus to business enterprises where its technology results in a significant uplift in value. The “technology effect” has been well proven by other technology development companies particularly in the mining world.

Our business development activities will be focused on:

- lithium extraction and purification where our continuous ion exchange technologies have a central role to play
- mine tailings management where our rapid dewatering technology delivers recycled water, more recovered metal, and the opportunity for dry stacking

- freshwater recycling where continuous ion exchange and evaporation technologies can alleviate crucial shortages in freshwater and provide recovery of byproducts for agriculture, industry, and domestic use.

Using our continuous processing approach, where we can improve the capital outlay and the operating costs, it is our strategy to share this added value with companies that see the worth of the combined approach, “better together”.

DESALX® Technology Sulphate & Selenium Removal, Europe

Pilot trials were conducted onsite at a zinc processing plant in Europe that will have difficulty in meeting the coming updates to European wastewater standards for sulphate and selenium discharge. Pilot trials showed that DESALX® was successful in removing sulphate and selenium to below the new discharge limits. The client will visit an existing DESALX® plant to further understand the operability of the DESALX® plant at commercial scale.



DESALX® pilot on site in Europe

Metal Recovery – Projects Update

Lithium

Go2Lithium (www.go2lithium.com) is now an equity partner in LithiumBank (LB) and supplying its cDLE® technology for the Boardwalk project. Test work has continued on the use of various sorbents for the extraction of lithium from the LB brine.

The Company's continuous ion exchange pilot plant has been extensively refurbished to accommodate the extraction of lithium from LB brines. The fully automatic plant, which will be capable of treating 10,000L per day of brine, consists of sorption, desorption, and chemical makeup circuits. The lithium in the feed brine is selectively extracted by the sorbent and then stripped using a weak acid to produce a concentrated lithium eluate.



Clean TeQ's cDLE[®] demonstration plant being prepared for shipment to Lithium Bank

ATA[®] Dewatering Technology

During the quarter, Clean TeQ continued its test work and piloting of its ATA[®] technology with its partner Stitchwise in South Africa. The dewatering rates and results of compression testing have been positive, and discussions are ongoing with the end user about implementing the solution on a larger scale. The results of this pilot will be the first presented internationally, with an abstract accepted for Paste 2024 and a paper being prepared.



ATA[®] solids in geotextile bag being dewatered in South Africa

Initial test work has also been completed for sites in Australia, South America, and South Africa to determine the suitability of using ATA[®] to solve their specific challenges. Discussions are ongoing with these parties regarding the potential next steps. The picture below shows the difference in consistency between the ATA[®] produced solids and a typical flocculated material. It is obvious that the ATA[®] material has a much better consistency and dewatering ability.



Testwork for an Australian mine showing ATA[®] solids (left) vs their current flocculant (right)

NematiQ Graphene Membranes

NematiQ is now entering an intense demonstration stage where it is testing the Graphene Membranes in applications where recovery of water or a valued byproduct is the outcome. We are seeing activity in several sectors including domestic drinking water, analytical equipment, pharmaceuticals, speciality nanomaterials, textiles, and grey water treatment.

As at the end of Q1 FY24, NematiQ has completed several projects, of which some have led to sales with several customers. Inventories of modules (1812, 3012, 2540, 4040 and 8040) have been sufficient to manage the sales volumes for Q1.

Payments to Directors and Related Parties

As disclosed in the attached Appendix 4C, payments to related parties and their associates during the quarter totalled \$136,791 (as disclosed under section 6.1) relating to all fees, salaries, and superannuation paid to Clean TeQ Water's Directors for the September 2023 Quarter.

Outlook

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

- Shipment of the cDLE[®] (continuous direct lithium extraction) pilot plant to LithiumBank's site in Calgary, Canada.
- Demonstration of and commercial outcome for ATA[®] rapid dewatering technology on tailings sources from South America and South Africa
- Formation of Joint Venture to provide mine tailings management globally
- Licensing of Clean TeQ technology in the China market
- Additional pilot demonstration results for NematiQ's Graphene Membranes in drinking water, food and beverage, and pharmaceutical industries.
- Continued progress on paid pilot projects in both South America and Europe.

For more information, please contact:

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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 & OTCQX: CNQFC) – Clean TeQ Water is a global technology leader headquartered in Melbourne, Australia, specialising in providing economic and environmentally sustainable solutions to address critical issues related to freshwater scarcity, mine tailings, and metal recovery. While the company has traditionally implemented projects using the engineering, procurement, and construction (EPC) approach, there is a strategic shift towards projects that generate annuity income or equity through technology license agreements to provide a more sustainable and long-term business model. Clean TeQ Water's core markets include water and wastewater recycling, lithium production, and the remediation and rehabilitation of mine tailings. These markets reflect a commitment to addressing environmental challenges and promoting responsible resource management. The company has a presence in various locations, with offices in Melbourne, Perth, Darwin, Leeuwarden (Netherlands), Beijing, and Tianjin. Additionally, Clean TeQ Water has established partnerships in Africa and Latin America, showcasing its commitment to addressing global challenges and collaborating with stakeholders on an international level.

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 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” 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 effectiveness and cost effectiveness of Clean TeQ Water’s proprietary water treatment processes and the potential for the Company to expand its sales of water treatment plants. 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 Water’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; 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.

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.

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 September 23

Consolidated statement of cash flows	Current quarter A\$'000	Year to date (3 months) A\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,942	2,942
1.2 Payments for		
(a) research and development	(371)	(371)
(b) product manufacturing and operating costs	(2,700)	(2,700)
(c) advertising and marketing	(53)	(53)
(d) leased assets	-	-
(e) staff costs	(1,729)	(1,729)
(f) administration and corporate costs	(550)	(550)
(g) insurance costs	(89)	(89)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	13
1.5 Interest and other costs of finance paid	(4)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,541)	(2,541)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(28)	(28)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter A\$'000	Year to date (3 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	(28)	(28)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(78)	(78)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (repayment of lease liabilities)	-	-
3.10 Net cash from / (used in) financing activities	(78)	(78)

4. Net increase / (decrease) in cash and cash equivalents for the period	-	-
4.1 Cash and cash equivalents at beginning of period	4,848	4,848
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,541)	(2,541)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(28)	(28)

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (3 months) A\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(78)	(78)
4.5	Effect of movement in exchange rates on cash held	(33)	(33)
4.6	Cash and cash equivalents at end of period	2,168	2,168

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	2,022	4,632
5.2	Call deposits	216	216
5.3	Bank overdrafts	-	-
5.4	Term Deposits	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,238	4,848

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
(137)
-

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.

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

	Total facility amount at quarter end A\$'000	Amount drawn at quarter end A\$'000
7.1	-	-
7.2	-	-
7.3	216	216
7.4	-	-

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)

(2,541)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

2,168

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

2,168

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

1

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: No. Due to project cashflow phasing, the current period net operating cashflows included significant outlay on ongoing projects for which the related customer claims are yet to be received. We expect a decrease in project-related expenses during the current quarter, particularly for those projects currently in the commissioning phase.

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: Yes. Working capital of \$3,675k, inclusive of current trade receivables of \$1,999k and net contract assets \$1,801k at the quarter end will remain a source of funding for ongoing operations. The Company anticipates that its strong relationships with major investors will also contribute to expanding opportunities for securing additional funding if the need arises. The Directors continue to review the Company's costs and expenses and assess potential sources of additional funding including equity funding in the near future.

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: Yes. The Company expects to have sufficient capital to continue operations from its capital management program which includes substantial trade receivables and net contract assets, will continue to meet the ongoing operational needs of the business. In addition, the Company expects to be able to secure funding in the near future as described in 8.8.2 above.

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: 31 October 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.