# **ASX Announcement**



#### 19 December 2023

# Clean TeQ Water Signs Technology Licence Agreement with BEIE

### **Highlights:**

- Clean TeQ Water has signed a technology licencing agreement with environmental engineering company, Beijing Enterprises Industrial Environment Technology Ltd., Co ('BEIE'), a subsidiary of Beijing Enterprise Water Group ('BEWG').
- Under the agreement BEIE can use Clean TeQ Water's proprietary technology for water and wastewater treatment, solid waste treatment, repair, reclamation, or post-closure remediation of contaminated sites, including treatment of and/or prevention of groundwater contamination.
- Clean TeQ Water will receive a fixed royalty prepayment of \$400K in total for years 1 and 2, and from year 3 an annual 4% royalty. Clean TeQ will also provide paid technical services for design and other auxiliary services.
- Clean TeQ Water is in the final stages of commissioning the Ordos BIONEX<sup>™</sup> project for one of BEIE's customers, and the Company believes BEIE is well positioned to introduce Clean TeQ Water's technologies to additional customers in the growing China market<sup>1.</sup>

MELBOURNE, Australia – Clean TeQ Water Limited ('Clean TeQ Water' or 'Company') (ASX: CNQ & OTCQX: CNQQF) is pleased to announce it has signed a Technology Licence Agreement with environmental engineering company, Beijing Enterprises Industrial Environment Technology Ltd., Co ('BEIE'). BEIE is a subsidiary of Beijing Enterprise Water Group ('BEWG'), a company listed on the main board of the Stock Exchange of Hong Kong Limited and is focused on the Industrial Wastewater Treatment and Remediation sectors.

As background to the agreement, Clean TeQ Water entered a contract with BEIE (nee BHZQ) to supply CNQ BIONEX™ technology to BEIE's customer, Gao Tou Yao Colliery, North United Power, in Inner Mongolia. Clean TeQ Water is responsible for the design, manufacture, delivery, installation supervision, and commissioning of the BIONEX™ plant ('Plant'). The Plant is currently in the final commissioning phase.

The water treatment market in China is substantial due to the country's increasing focus on addressing water pollution and improving water quality. The market for Clean TeQ Water's solutions includes treatment processes for municipal and industrial water for reuse and environmental discharge. BEIE and its majority shareholder, BEWG, are well positioned in the China market to introduce Clean TeQ Water's technologies in the fields of water and wastewater treatment; solid waste treatment; repair, reclamation, or post-closure

remediation of contaminated sites, including treatment of and/or prevention of groundwater contamination and achieve on-going sales.

Clean TeQ Water will grant BEIE an exclusive licence to exploit the Clean TeQ Water Intellectual Property for the use of the Technology in the fields outlined above, and for the provision of industrial services by BEIE to its customers, exclusively within in the region of China. This licence shall remain valid for a period of ten years (Licence Term), subject to the terms of the Agreement.

Under the licence terms of the agreement, Clean TeQ Water will receive a fixed royalty prepayment of \$400K in total for years 1 and 2, and an annual 4% royalty from year 3. The royalty will be calculated on the revenues generated from the deployment of all the Clean TeQ Water technologies within water, wastewater, and remediation projects. Clean TeQ Water will also provide paid technical services for design and other auxiliary services. This agreement presents a significant opportunity for the Company to unlock additional value, particularly in light of the sizable water treatment market in China.

Clean TeQ Water also operates a manufacturing facility in Tianjin dedicated to producing the BIOCLENS® encapsulated bacterial product. It is expected that the majority of sales of the BIOCLENS® product will be in the China market and so, under a separate agreement, BEIE will purchase the current BIOCLENS® inventory and finance the operations of the facility until 14 October 2024 and thereafter by mutual agreement.

Clean TeQ Water CEO, Peter Voigt, stated, "We recognise that the Chinese water treatment market is very large and growing¹ and has an appetite for using advanced technology to make step changes in water treatment. We also recognise that Clean TeQ Water's ability to independently gain a significant foothold in the market is limited by location, culture, people, and economic resources. In moving from an Engineering, Procurement and Delivery model to a Licensing model we maintain a presence in this big market and continue to participate while de-risking procurement and delivery and capping our expenditures. Through this association with BEIE, Clean TeQ Water will share in larger projects with more potential for licence-based revenue. This move aligns with our broader corporate strategy of monetising Clean TeQ Water technology through mutually beneficial collaborations."

The Technology Licence Agreement comes into force on the payment of the licence fee. Payment of the license fee is required to be made within 20 business days following the receipt of the proforma invoice from the Company. There are no other conditions precedent. There are no material termination provisions and the Agreement is subject to standard terms, conditions, and warranties typical of a contract of this type. The Company confirms that there is no other material information.

#### **About BEIE**

BEIE is a 70% owned subsidiary of BEWG, a large, diversified water company, listed on the Hong Kong Stock Exchange, and valued at approximately HKD 25 billion. The other 30% owned shareholder in BEIE is Beijing Jiayuan Environment Engineering Co. Ltd and through which, Mr Zhigang Zhang has an indirect shareholding. Mr Zhang is director of BEIE and their General Manager. Mr Zhang was previously a director of Phoslock Environmental Technologies Limited (ASX: PET) and of Envirosuite Limited (ASX: EVS). Mr Zhang held (or has

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ASX: CNQ

<sup>&</sup>lt;sup>1</sup> https://www.mordorintelligence.com/industry-reports/china-water-and-wastewater-treatment-wwt-technology-market - The China Water and Wastewater Treatment (WWT) Technology Market size is expected to grow from USD 11,385.00 million in 2023 to USD 16,712.82 million by 2028, at a CAGR of 7.98% during the forecast period (2023-2028).

held) shares in PET and held (or has held) shares in EVS and Constellation Technologies (ASX: CT1). Under the Technical and Licensing agreement between BEIE and the Company, neither Mr Zhang and his associates, nor any other party associated with BEIE, will have incentives arrangements payable by the Company in the form of rights to equity or otherwise, payable now, nor are any such incentives proposed, planned, or promised by the Company for introduction in the future.

## For more information, please contact:

Peter Voigt Hannah Howlett
Interim CEO Head of Investor Relations
+61 3 9797 6700 +61 2 9237 2831

Email: <a href="mailto:info@cleanteqwater.com">hhowlett@we-worldwide.com</a>

Website: www.cleanteqwater.com

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.

CNQ BIOCLENS® – BIOCLENS® technology uses encapsulated bacteria in a lens shaped carrier to provide intensified ammonia and nitrate removal to very low levels.

CNQ BIONEX® - BIONEX™ is an innovative combination of our ion exchange and encapsulated bacteria technologies, designed to efficiently remove nitrate from water to very low levels. The brine is treated using BIOCLENS® to convert the nitrate into harmless nitrogen gas. This allows the brine to be recycled and used again to regenerate the ion exchange resin, greatly reducing chemical consumption and waste production of the system.

For more information about Clean TeQ Water please visit <u>www.cleanteqwater.com</u>. To subscribe to our company updates, please visit <u>Subscribe for Updates | Clean TeQ Water.</u>

#### 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

Clean TeQ Water Limited (ACN 647 935 948) ASX: CNQ 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.

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