

31 August 2023

## Appendix 4E: Clean TeQ Water Limited

### Results for Announcement to the Market Preliminary Final Report for the period year ended 30 June 2023

#### Details of the reporting period and the previous corresponding period

Current period:	1 July 2022 to 30 June 2023
Prior corresponding period:	15 February 2021 to 30 June 2022

Provided below are the results for announcement to the market in accordance with Australian Securities Exchange (ASX) Listing Rule 4.2A and Appendix 4E for the consolidated entity consisting of Clean TeQ Water Limited (Company) and its controlled entities.

All currencies shown in this report are Australian dollars unless otherwise indicated.

Key information	30 June 2023 \$	30 June 2022 \$	Change %
Revenue from ordinary activities	12,338,221	11,353,582	Up 9%
Other income	1,233,596	613,611	Up 101%
(Loss) / profit after tax from continuing operations attributable to members	(5,485,786)	(11,063,871)	Improved 50%
Net total comprehensive (loss) / profit attributable to members	(5,506,793)	(11,076,301)	Improved 50%

#### Details of dividends

No dividends have been declared or paid for the year ended 30 June 2023 (30 June 2022: nil).

#### Investment in Associates and Joint Ventures

On 6 February 2023, the Consolidated Entity established the joint venture (Go2Lithium) with Computational Geosciences Inc.

	30 June 2023	30 June 2022
Net tangible assets per ordinary share	\$	\$
Net tangible assets	5,761,114	6,258,240
Ordinary shares	57,710,298	44,666,174
Net tangible assets per security (cents)	0.10	0.14

Comparisons to the prior year are made to the inaugural non-standard period of 15 February 2021 to 30 June 2022.

During the financial year ended 30 June 2023, the focus was on the delivery of key water treatment projects and expanding the regional activities in the pursuit of new opportunities for revenue growth.

### Audit qualification or review

The Preliminary Financial Report upon which this Appendix 4E is based, is in the process of being audited.

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

Sign here:



Ian Knight

Chairman

Date: 31 August 2023

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## CLEAN TEQ WATER LIMITED

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	Consolidated 2023 \$	2022 <sup>1</sup> \$
<b>Continuing Operations</b>			
Revenue	6	12,338,221	11,353,582
Other income	6	1,233,596	613,611
Other gains and losses	6	(11,639)	112,697
<b>Expenses</b>			
Raw materials and other direct costs	7	(7,972,071)	(11,013,546)
Employee benefits expenses	7	(7,131,487)	(7,399,096)
Legal and professional expenses		(695,076)	(915,495)
Occupancy expenses		(654,689)	(529,763)
Travel & Entertainment Expenses		(396,505)	(569,722)
Marketing expenses	7	(214,474)	(499,904)
Research & development expenses		(817,550)	(922,286)
Depreciation & amortisation expenses		(471,670)	(706,179)
Other expenses	7	(758,479)	(595,162)
<b>Operating loss before net finance income</b>		<b>(5,551,823)</b>	<b>(11,071,263)</b>
Net finance income	6	66,037	7,392
<b>Loss before income tax benefit</b>		<b>(5,485,786)</b>	<b>(11,063,871)</b>
Income tax benefit		-	-
<b>Loss after income tax benefit for the year attributable to the owners of Clean TeQ Water Limited</b>		<b>(5,485,786)</b>	<b>(11,063,871)</b>
Other comprehensive income for the period, net of tax:			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		(21,007)	(12,430)
<b>Total comprehensive loss for the period attributable to the owners of Clean TeQ Water Limited</b>		<b>(5,506,793)</b>	<b>(11,076,301)</b>
<b>Loss per share attributable to the owners of Clean TeQ Water Limited</b>			
Basic earnings per share	29	(0.0951)	(0.2477)
Diluted earnings per share	29	(0.0951)	(0.2477)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Note: <sup>1</sup> Comparisons to the prior year are made to the non-standard period of 15 February 2021 to 30 June 2022.

## CLEAN TEQ WATER LIMITED

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
<b>Current assets</b>			
Cash and cash equivalents	8	4,631,686	5,570,746
Restricted cash & other financial assets	8	216,201	332,402
Receivables and prepayments	9	1,279,194	813,580
Contract assets	6	2,189,840	2,185,952
Inventories	10	297,641	17,160
Research and development incentive receivable	9	725,245	608,845
<b>Total current assets</b>		<b>9,339,807</b>	<b>9,528,685</b>
<b>Non-current assets</b>			
Contract Assets	6	246,695	-
Property, plant and equipment	11	653,556	557,666
Right-of-use assets	12	58,202	24,218
Intangibles	14	2,228,346	2,480,280
<b>Total non-current assets</b>		<b>3,186,799</b>	<b>3,062,164</b>
<b>Total assets</b>		<b>12,526,606</b>	<b>12,590,849</b>
<b>Current liabilities</b>			
Trade and other payables	15	2,424,997	1,943,870
Contract liabilities	6	200,652	579,252
Employee benefits	16	588,958	529,826
Provisions	17	59,952	59,952
Lease liabilities	12	88,428	24,976
Loans and borrowings	13	239,729	-
<b>Total current liabilities</b>		<b>3,602,716</b>	<b>3,137,876</b>
<b>Non-current liabilities</b>			
Employee benefits	16	84,099	49,201
Provisions	17	835,339	665,252
Lease liabilities	12	14,992	-
<b>Total non-current liabilities</b>		<b>934,430</b>	<b>714,453</b>
<b>Total liabilities</b>		<b>4,537,146</b>	<b>3,852,329</b>
<b>Net assets</b>		<b>7,989,460</b>	<b>8,738,520</b>
<b>Equity</b>			
Issued capital	18	4,704,759	1
Reserves	19	19,834,358	19,802,390
Accumulated losses	20	(16,549,657)	(11,063,871)
<b>Total equity</b>		<b>7,989,460</b>	<b>8,738,520</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## CLEAN TEQ WATER LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Contributed Equity	Accumulated Losses	Reserves	Non – Controlling Interests	Total Equity
Consolidated	\$	\$	\$	\$	\$
<b>Balance at 15 February 2021</b>	-	-	-	-	-
Loss after income tax benefit for the financial year	-	(11,063,871)	-	-	(11,063,871)
Other comprehensive income	-	-	(12,430)	-	(12,430)
<b>Total comprehensive loss for the financial year</b>	-	(11,063,871)	(12,430)	-	(11,076,301)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of ordinary shares on incorporation	1	-	-	-	1
Common control business combinations (note 19)	-	-	(2,643,149)	(222,130)	(2,865,279)
Common control loan forgiveness (note 19)	-	-	24,073,315	-	24,073,315
Share-based payments (note 30)	-	-	383,451	-	383,451
<i>Changes in ownership interests:</i>					
Acquisition of non-controlling interest	-	-	(1,998,797)	222,130	(1,776,667)
<b>Balance at 30 June 2022</b>	<b>1</b>	<b>(11,063,871)</b>	<b>19,802,390</b>	<b>-</b>	<b>8,738,520</b>
<b>Balance at 1 July 2022</b>	<b>1</b>	<b>(11,063,871)</b>	<b>19,802,390</b>	<b>-</b>	<b>8,738,520</b>
Loss after income tax benefit for the year	-	(5,485,786)	-	-	(5,485,786)
Other comprehensive income	-	-	(21,007)	-	(21,007)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(5,485,786)</b>	<b>(21,007)</b>	<b>-</b>	<b>(5,506,793)</b>
<i>Transactions with owners in their capacity as owners</i>					
Issue of ordinary shares	4,956,767	-	-	-	4,956,767
Transaction costs relating to issue of ordinary shares	(252,009)	-	-	-	(252,009)
Share-based payments	-	-	52,975	-	52,975
<b>Balance at 30 June 2023</b>	<b>4,704,759</b>	<b>(16,549,657)</b>	<b>19,834,358</b>	<b>-</b>	<b>7,989,460</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## CLEAN TEQ WATER LIMITED

### CONSOLIDATED CASH FLOW STATEMENT

For the year ended to 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		12,597,446	10,318,397
Payments to suppliers and employees (inclusive of GST)		(19,127,061)	(21,203,497)
Cash used in operating activities		(6,529,615)	(10,885,100)
Refund of/(payments for) security deposits		116,201	(332,402)
Net interest received		81,156	14,113
Research and development tax incentive received		767,643	762,099
Net cash used in operating activities	28	(5,564,615)	(10,441,290)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(224,914)	(184,558)
Acquisition of subsidiaries, net of cash acquired		-	16,463,292
Net cash used in investing activities		(224,914)	16,278,734
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		4,956,767	1
Transaction costs relating to issue of ordinary shares		(252,009)	-
Proceeds from borrowings		316,130	-
Repayment of borrowings and interest		(81,993)	-
Repayment of lease liabilities and interest		(73,213)	(268,822)
Net cash used in financing activities		4,865,682	(268,821)
Net increase in cash and cash equivalents		(923,847)	5,568,623
Cash and cash equivalents at the start of the financial period		5,570,746	-
Effects of exchange rate changes on cash and cash equivalents		(15,213)	2,123
Cash and cash equivalents at the end of the financial period	8	4,631,686	5,570,746

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

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#### BASIS OF PREPARATION

##### Note 1. General information

The consolidated financial statements cover the Clean TeQ Water Limited group as a Consolidated Entity consisting of Clean TeQ Water Limited ('Clean TeQ Water' or 'the Company') and its subsidiaries ('Consolidated Entity' or 'the Group'). The consolidated financial statements are presented in Australian dollars, which is the Consolidated Entity's functional and presentation currency.

On 1 July 2021 Clean TeQ Water and its controlled entities demerged from Sunrise Energy Metals and was listed on the Australian Securities Exchange under the code CNQ.

Clean TeQ Water Limited is a for-profit ASX listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 12, 21 Howleys Road  
Notting Hill, Victoria, 3168  
Australia

The preliminary final report was authorised for issue, in accordance with a resolution of directors, on 31 August 2023. The directors have the power to amend and reissue the financial statements.

##### Note 2. Going concern

The preliminary final report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity reported a net loss after tax from continuing operations for the financial year of \$5,485,787 (30 June 2022: loss of \$11,063,871), incurred negative operating cashflows of \$6,529,615 (30 June 2022: \$10,885,100) and the Consolidated Entity's position as at 30 June 2023 was as follow:

- The Consolidated entity had cash reserves inclusive of restrictive security deposits of \$4,847,887 (30 June 2022: \$5,903,148); and
- The Consolidated entity had net assets of \$7,989,460 (30 June 2022: \$8,738,520).

During the financial reporting period the following events have taken place to support the going concern basis of preparation for the Consolidated Entity:

- The Consolidated Entity has attributable available cash on hand as at 30 June 2023 of \$4,847,887;
- The Consolidated Entity earned \$12,338,221 (30 June 2022: \$11,353,582) in sales revenue during the financial year;
- The Consolidated Entity expects to receive cash rebates from the Australian Tax Office for eligible research and development expenditure incurred during the tax period 1 July 2022 to 30 June 2023. The Consolidated Entity has recognised a \$725,245 receivable for an estimated refund due to it for some of its Research & Development expenditure incurred during the tax period;

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

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- The Consolidated Entity has successfully completed a number of contracts to design, procure and construct water purification plants which have generated positive cashflows over recent years. The Consolidated Entity is confident, as a result of the successful completion of these contracts, that it will continue to be awarded additional water treatment contracts in the future;
- The recent award of paid pilot projects in South America and Europe, the final step before the customer decides on project award;
- The forecast cash flows for the Consolidated Entity indicate that, based on current cash on hand, the Consolidated Entity is able to maintain a positive cash position for at least the period of 12 months to August 2024.

The Consolidated Entity will continue working towards securing contracts in the near future and anticipates earning substantial revenues in the future.

The Consolidated Entity expects that relationships with its major investors will also assist in widening the Consolidated Entity's opportunities for profitable commercialisation of its technologies in addition to assisting in securing further funding required.

The Directors note there are a number of prevailing global factors which are beyond the control of the Consolidated Entity including the ongoing measures implemented to mitigate the impacts of Covid-19, the general inflationary environment, rising interest rates, war in Ukraine, political and trade disputes and disruption to supply chains. None of these factors has materially impacted on the ability of the Consolidated Entity to undertake its activities. Although there is a risk that these factors, or other new unforeseeable factors, may impact on the Consolidated Entity's performance and ability to operate in the future, the Directors are not currently aware of any factor that they believe will materially impact on the Consolidated Entity's performance and ability to operate in the future.

While the directors are confident in the Consolidated Entity's ability to continue as a going concern, in the event the cash flow forecasts are adversely impacted and commercial opportunities described above do not eventuate as planned there will be a significant uncertainty as to whether the Consolidated Entity will be able to generate sufficient net operating cash inflows or execute alternative funding arrangements to enable it to continue as a going concern and it may therefore be required to realise assets at amounts different to their carrying amounts in the consolidated statement of financial position, extinguish liabilities at amounts different to those recorded in the consolidated financial position and settle liabilities other than in the ordinary course of business.



## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

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#### Note 3. Basis of preparation

The preliminary final report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The preliminary final report has been prepared in accordance with Australian Accounting Standards ("AASBs") and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. The preliminary final report also complies with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

This preliminary final report does not constitute the full financial report for the year ended 30 June 2023.

#### Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### Note 5. Operating segments

AASB 8 requires operating segments to be identified on the basis of the components of internal reports of the Consolidated Entity that are regularly reviewed by the Directors in order to allocate resources to the segment and to assess its performance. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Consolidated Entity's accounting policies. The following tables are an analysis of the Consolidated Entity's revenue and results by reportable segment provided to the Directors. The profit or loss of the operating segments remains as a key financial indicator and metric monitored by the Directors. Assets and liabilities are reviewed at the consolidated level.

##### *Geographical segments*

The Consolidated Entity operates internationally from Australia, and China and is organised into two geographic operating segments, Australia and international ("Australia"), and China, offering water treatment solutions ("Water"), metal resource recovery solutions ("Metals") and also undertakes significant research and development in technologies applicable to both aforementioned solutions and emerging technology in graphene membrane production ("Tech"). The Consolidated Entity is domiciled in Australia and provides shared services to all other operating segments ("Group").

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### Operating segment information

For the financial year ended 30 June 2023

#### Geographic Location:

Division:	Australia			China		
	Water	Metals	Tech	Water	Group	Total
	\$	\$	\$	\$	\$	\$
<b>External Revenue and other income*</b>						
Project revenue	11,152,763	-	-	4,176	-	11,156,939
Test work & pilot plants	96,476	257,351	-	-	-	353,827
Aftermarket spares & services	614,692	-	-	-	-	614,692
Product Sales Revenue	-	-	53,540	-	-	53,540
Service fee income	-	157,223	2,000	-	-	159,223
R&D tax incentive income	-	-	884,040	-	-	884,040
Other income	(1,584)	350,000	-	1,140	-	349,556
<b>Total revenue and other income</b>	<b>11,862,347</b>	<b>764,574</b>	<b>939,580</b>	<b>5,316</b>	<b>-</b>	<b>13,571,817</b>
<b>EBITDA</b>	<b>772,902</b>	<b>(285,498)</b>	<b>(1,191,564)</b>	<b>(1,507,559)</b>	<b>(2,868,433)</b>	<b>(5,080,152)</b>
Depreciation expenses						(219,737)
Amortisation expenses						(251,934)
Net finance income						66,037
<b>Loss after income tax expense</b>						<b>(5,485,786)</b>

#### Major Customers

Revenue from two customers of the Consolidated Entity's Australian Water segments represented approximately \$4.8m and \$4.6m each of the total revenue.

For the Period from 15 February 2021 to 30 June 2022

#### Geographic Location:

Division:	Australia			China		
	Water	Metals	Tech	Water	Group	Total
	\$	\$	\$	\$	\$	\$
<b>External Revenue and other income*</b>						
Project revenue	8,737,071	-	-	1,674,217	-	10,411,288
Test work & pilot plants	135,664	166,623	-	-	-	302,287
Aftermarket spares & services	247,328	-	-	-	-	247,328
Service fee income	-	392,679	-	-	-	392,679
R&D tax incentive income	-	-	608,848	-	-	608,848
Other income	1,584	-	-	3,179	-	4,763
<b>Total revenue and other income</b>	<b>9,121,647</b>	<b>559,302</b>	<b>608,848</b>	<b>1,677,396</b>	<b>-</b>	<b>11,967,193</b>
<b>EBITDA</b>	<b>(3,146,526)</b>	<b>(500,849)</b>	<b>(1,307,970)</b>	<b>(2,464,431)</b>	<b>(2,765,308)</b>	<b>(10,365,084)</b>
Depreciation expenses						(454,254)
Amortisation expenses						(251,925)
Net finance income						7,392
<b>Loss after income tax expense</b>						<b>(11,063,871)</b>

\*There is no inter-segment revenue for the period.

#### Major Customer

Revenue from one customer of the Consolidated Entity's Australian Water segments represented approximately \$2.9m of the total revenue.

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### Note 6. Revenue and other income

	Consolidated	
	2023	2022
	\$	\$
<b>Revenue</b>		
<i>Over time</i>		
Project revenue	11,156,939	10,411,288
Service fee income	159,223	392,679
<i>Point in time</i>		
Test work & pilot plants	353,827	302,287
Aftermarket spares & services	614,692	247,328
Product sales revenue	53,540	-
<b>Total revenue</b>	<b>12,338,221</b>	<b>11,353,582</b>
<b>Other income</b>		
R&D tax incentive income – government grants	884,040	608,848
Other income (i)	349,556	4,763
<b>Total other income</b>	<b>1,233,596</b>	<b>613,611</b>
<b>Other gains and losses</b>		
Net foreign exchange (loss)/gain	(11,639)	119,737
Loss on disposal of property, plant & equipment	-	(7,040)
<b>Total other gains and losses</b>	<b>(11,639)</b>	<b>112,697</b>
<b>Net finance income</b>		
Finance income	82,389	14,114
Finance costs	(16,352)	(6,722)
<b>Total net finance income</b>	<b>66,037</b>	<b>7,392</b>

(i) Included in other income for the financial year ended 30 June 2023 is a \$350,000 once off receipt from a customer for components of a pilot plant not returned nor replaced.

#### Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Consolidated	
	2023	2022
	\$	\$
<b>Current contract balances</b>		
Receivables, which are included in 'receivables and prepayments' (Note 9)	822,233	539,884
Contract assets	2,189,840	2,185,952
Contract liabilities	200,652	579,252
<b>Non current contract balances</b>		
Contract assets	246,695	-

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

The contract assets primarily relate to the Group's application of percentage of completion for revenue recognition where the estimated stage of completion exceeds amounts billed at the reporting date on project revenue. Project revenue consists of equipment supply contracts, with or without installation and design and construct contracts. In the financial period ended 30 June 2022 \$454,662 of contract assets were initially acquired as a result of common control business combinations (Note 19). Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to where amounts billed at the reporting date exceeds the estimated stage of completion at the reporting date on project revenue contracts or other obligations arising from contracts with customers. Contract liabilities were unaffected by common control business combinations in the period. Contract liabilities are released when the stage of completion matches or exceeds amounts billed or when obligations arising from contracts are met or discharged.

#### Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by geographical market and primary solution business units of the group. This disaggregation is in line with operating segments identified in Note 5.

#### Note 7. Expenses

	Consolidated	
	2023	2022
	\$	\$
<b>Raw materials and other direct costs</b>		
Raw materials	(4,749,853)	(8,585,697)
Subcontractors	(2,527,234)	(1,348,190)
Other direct costs	(694,983)	(1,079,659)
<b>Total raw materials and other direct costs</b>	<b>(7,972,071)</b>	<b>(11,013,546)</b>
<b>Marketing expenses</b>		
Marketing expenses	(138,544)	(266,627)
Corporate promotion	(75,930)	(233,277)
<b>Total marketing expenses</b>	<b>(214,474)</b>	<b>(499,904)</b>
<b>Other expenses</b>		
Insurance expense	(243,138)	(108,222)
Other expenses (IT, subscriptions, office expenses)	(515,341)	(486,940)
<b>Total other expenses</b>	<b>(758,479)</b>	<b>(595,162)</b>
<b>Employee benefits expenses</b>		
Wages and salaries	(4,738,402)	(4,582,044)
Employee entitlements	(454,530)	(372,686)
Superannuation	(545,306)	(456,135)
Equity settled share-based payments	(52,974)	(383,451)
Contractors and consultants	(687,674)	(609,800)
Other costs (Short Term Incentives, payroll taxes, workers' compensation)	(652,601)	(994,980)
<b>Total employee benefits expenses</b>	<b>(7,131,487)</b>	<b>(7,399,096)</b>

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### Note 8. Cash and cash equivalents

	Consolidated 2023 \$	2022 \$
Cash at bank and on hand	4,631,686	3,570,746
Bank short term deposits (i)	-	2,000,000
<b>Total cash assets</b>	<b>4,631,686</b>	<b>5,570,746</b>

##### *(i) Short term deposits*

The average interest rate on short-term bank deposits is credited at prevailing market rates. The weighted average interest rate at reporting date was 3.1% (2022:1.37%). These deposits have a maximum maturity of three months from origination. Any balances with maturities exceeding this have been disclosed as other financial assets.

##### *(i) Financing arrangements*

Security bonds of \$216,201 (2022: \$332,402) were provided on Bank Guarantees secured against amounts held within a restricted Cash Deposit Account issued in accordance with contractual performance obligations. \$40,000 relates to security deposits on right of use assets and leases; \$176,201 is for ensuring the proper performance of major works contracts.

#### Note 9. Receivables and prepayments

	Consolidated 2023 \$	2022 \$
Trade receivables	822,233	539,884
Prepayments	369,199	159,677
GST Receivable	66,048	112,353
Other Receivables	21,715	1,666
<b>Receivables and prepayments</b>	<b>1,279,194</b>	<b>813,580</b>
<b>Research and development incentive receivable</b>	<b>725,245</b>	<b>608,845</b>

The research and development incentive receivable represents the estimated refund due to the Consolidated Entity on expenditure incurred during the current financial year which is eligible for research and development tax concessions.

The Consolidated Entity's policy is to write off debts when there is no longer a reasonable expectation of recovery, including, but not limited to; customer bankruptcy, contractual default, failed negotiations or arbitration. Debts that are written off are still subject to enforcement activity. Any write-off of debt is presented to and approved by the Clean TeQ Water Audit and Risk Committee.

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### Note 10. Inventories

	Consolidated 2023 \$	2022 \$
<i>At lower of cost or net realisable value</i>		
Raw Materials	16,315	17,160
Finished Goods	281,326	-
<b>Inventories</b>	<b>297,641</b>	<b>17,160</b>

#### Note 11. Property, plant and equipment

	Consolidated 2023 \$	2022 \$
Plant & Equipment - at cost	800,424	691,842
Less: Accumulated depreciation	(626,370)	(597,302)
	174,054	94,540
Office equipment & furniture - at cost	445,131	438,392
Less: Accumulated depreciation	(83,791)	(111,378)
	361,340	327,014
Motor vehicles - at cost	42,763	42,763
Less: Accumulated depreciation	(10,622)	(5,277)
	32,141	37,486
Leasehold improvements - at cost	365,844	377,792
Less: Accumulated depreciation	(333,817)	(306,982)
	32,027	70,810
Assets under construction - at cost	53,994	27,816
<b>Total property, plant and equipment</b>	<b>653,556</b>	<b>557,666</b>

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### Reconciliations of carrying amount

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant & equipment \$	Office equipment & furniture \$	Leasehold Improvements \$	Motor Vehicles \$	Assets under Construction \$	Total \$
Balance as at 15 February 2021	-	-	-	-	-	-
Acquired from common control combinations (Note 19)	74,882	263,250	105,120	-	54,275	497,527
Transferred from related parties (Note 25)	-	1,931	7,941	41,000	-	50,872
Additions	48,360	35,183	71,437	1,763	27,816	184,559
Transfer between asset classes	-	54,275	-	-	(54,275)	-
Disposals	(7,040)	-	-	-	-	(7,040)
Net foreign exchange movement	6,471	22,354	7,922	-	-	36,747
Depreciation expense	(28,133)	(49,979)	(121,610)	(5,277)	-	(204,999)
Balance as at 30 June 2022	94,540	327,014	70,810	37,486	27,816	557,666
Additions	115,916	61,557	-	-	47,441	224,914
Transfer between asset classes	-	21,246	-	-	(21,246)	-
Disposals	-	-	-	-	-	-
Net foreign exchange movement	(4,070)	(12,449)	(1,171)	-	(17)	(17,707)
Depreciation expense	(32,332)	(36,028)	(37,612)	(5,345)	-	(111,317)
Balance as at 30 June 2023	174,054	361,340	32,027	32,141	53,994	653,556

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### Note 12. Leases

The Group as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

	Consolidated 2023 \$	2022 \$
<b>Right of Use Assets</b>		
Cost	139,685	853,827
Accumulated depreciation	(81,483)	(829,609)
<b>Net book amount</b>	<b>58,202</b>	<b>24,218</b>
Right of use assets relate to premises rented over terms between 1 and 5 years.		
Lease obligations were assumed by the group upon the acquisition of subsidiaries during the previous financial period (Note 19 & 25).		
<b>Lease Liabilities</b>		
<i>Maturity analysis</i>		
Within one year	(90,672)	(25,125)
Later than one year and not later than three years	(15,112)	-
Less unearned interest	2,364	149
<b>Total lease liability</b>	<b>(103,420)</b>	<b>(24,976)</b>
Current	(88,428)	(24,976)
Non-current	(14,992)	-
<b>Total lease liability</b>	<b>(103,420)</b>	<b>(24,976)</b>
<b>Amounts recognised in the consolidated statement of comprehensive income</b>		
Depreciation expense on right-of-use assets	108,420	254,174
Interest expense on lease liabilities	9,527	5,811
The total cash outflow for leases in the period was:	(73,213)	268,822

Some property leases contain extension options exercisable by the Group up to six months before the expiry of the initial lease term. The Group assesses at the commencement of the initial lease term, or whenever there is a significant event or change in circumstances relating to a lease, the likelihood of it exercising its option to extend the lease.

The Group considers the potential future lease payments associated with the exercise of any lease term extension options to be immaterial or uncertain.



## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### Note 13. Loans and borrowings

	Consolidated 2023 \$	2022 \$
<b>Loans and Borrowings</b>		
<b>Current</b>		
<i>Secured Liabilities</i>		
Premium financing (i)	(239,729)	-

(i) Premium financing

The key terms of the premium financing arrangements entered into in the reporting period are;

- The financing has a fixed interest rate of 9.044%.
- The finance is secured against rights, claim proceeds or refund proceeds of funded policies.

Non-derivative loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Refer note 21 for further information on financial instruments.

#### Note 14. Intangible assets

	Consolidated 2023 \$	2022 \$
Capitalised development costs - at cost	2,610,289	2,610,289
Less: Accumulated amortisation and impairments	(434,873)	(217,435)
	2,175,416	2,392,854
Patents and trademarks - at cost	101,916	101,916
Less: Accumulated amortisation and impairments	(68,986)	(34,490)
	32,930	67,426
Licence rights - at cost	20,000	20,000
Less: Impairments	-	-
	20,000	20,000
<b>Total intangible assets</b>	<b>2,228,346</b>	<b>2,480,280</b>

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### *Reconciliation of carrying amount*

Reconciliations of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

	Capitalised Development Costs	Licence Rights	Patents and Trademarks	Total
Consolidated	\$	\$	\$	\$
Carrying amount at 15 February 2021	-	-	-	-
Acquired from common control business combinations (Note 19)	-	20,000	-	20,000
Transferred from related party (Note 25)	2,610,289	-	101,916	2,712,205
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation expense	(217,435)	-	(34,490)	(251,925)
Carrying amount at 30 June 2022	2,392,854	20,000	67,426	2,480,280
Carrying amount at 1 July 2022	2,392,854	20,000	67,426	2,480,280
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation expense	(217,438)	-	(34,496)	(251,934)
<b>Carrying amount at 30 June 2023</b>	<b>2,175,416</b>	<b>20,000</b>	<b>32,930</b>	<b>2,228,346</b>

#### Note 15. Trade and other payables

	Consolidated 2023 \$	2022 \$
Trade payables	1,275,093	912,863
Payroll tax and other statutory liabilities	452,128	342,146
Accrued expenses	697,776	688,861
	<b>2,424,997</b>	<b>1,943,870</b>

Refer note 21 for further information on financial instruments.

#### Note 16. Employee Benefits

Aggregate liability for employee benefits, including on-costs:

	Consolidated 2023 \$	2022 \$
Annual leave provision - Current	368,658	295,828
Long service leave provision – Current	220,300	233,998
Long service leave provision – Non-current	84,099	49,201
	<b>673,057</b>	<b>579,027</b>
Current – Employee provision	588,958	529,826
Non-current – Employee provision	84,099	49,201
<b>Total employee benefits</b>	<b>673,057</b>	<b>579,027</b>

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### Note 17. Provisions

	Consolidated 2023 \$	2022 \$
<i>Provisions – current</i>		
Leased premises provision for make good	59,952	59,952
<i>Provisions – non-current</i>		
Provisions for rectification (i)	835,339	665,252
	895,291	725,204

(i) These provisions for rectification relate to the delivery of new water treatment technologies with limited previous claims experience and as such have been calculated based on management's estimates for future rectification obligations. At a minimum, the provision for rectification has been calculated using the retention values defined in project contracts, adjusted for the probability of defect costs occurring based on project progress and development.

	Provision for make good \$	Provisions for rectification \$	Total \$
Balance as at 15 February 2021	-	-	-
Acquired from common control business combinations (Note 19)	-	437,991	437,991
Transferred from related party (Note 25)	59,731	-	59,731
Provision made	221	665,252	665,473
Provision reversed	-	(437,991)	(437,991)
Provision utilised	-	-	-
Balance at 30 June 2022	59,952	665,252	725,204
Balance at 30 June 2022	59,952	665,252	725,204
Provision made	-	298,374	298,374
Provision reversed	-	(128,287)	(128,287)
Provision utilised	-	-	-
Balance at 30 June 2023	59,952	835,339	895,291

#### Note 18. Share Capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares – fully paid	57,710,298	44,666,174	4,956,768	1

##### Movements in ordinary share capital

Details	Date	Shares	Issue Price	\$
Opening Balance	1 July 2022	44,666,174		1
Share issue through placement – Tranche 1	3 Nov 2022	6,588,861	\$0.38	2,503,767
Share issue through placement – Tranche 2	20 Dec 2022	6,455,263	\$0.38	2,453,000
Transaction costs relating to placement <sup>1</sup>				(252,009)
Closing balance at 30 June 2023		57,710,298		4,704,759

<sup>1</sup>Directly attributed costs incurred in raising capital presented as a reduction in equity.

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### *Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. All ordinary shares rank equally with regard to the Consolidated Entity's residual assets. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

#### *Share buy-back*

There is no current on-market share buy-back

#### *Capital risk management*

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Consolidated Entity defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends likely to be proposed and paid to ordinary shareholders.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

#### Note 19. Equity – reserves and non-controlling interests (NCI)

	Consolidated 2023 \$	2022 \$
<i>Reserves</i>		
Business combination reserve (i)	19,802,390	19,431,369
Translation reserve (ii)	(21,007)	(12,430)
Share based payments reserve (iii)	52,975	383,451
Total reserves	19,834,358	19,802,390
Non-controlling interests (iv)	-	-
Total reserves	19,834,358	19,802,390

- (i) The business combination reserve accounts for fair value adjustments of the assets and liabilities of entities resulting from common control business combinations not required to be accounted for under AASB 3 Business Combinations.
- (ii) The translation reserve records exchange differences arising on translation of overseas subsidiaries.
- (iii) The share based payments reserve is used to recognise share-based payments made to employees under the Employee Share Scheme and Employee Incentive Plan.
- (iv) The non-controlling interests reserve represents the share of equity not attributable to the owners of Clean TeQ Water Limited.

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### Movements in reserves and Non-controlling Interests

Movements in each class of reserve during the current and previous financial year are set out below:

	Business Combination Reserve	Translation Reserve	Share Based Payments	Non- Controlling Interests	Total
Consolidated	\$	\$	\$	\$	\$
Balance at 15 February 2021	-	-	-	-	-
Other comprehensive income (i)	-	(12,430)	-	-	(12,430)
Common control business combinations (ii)	(2,643,149)	-	-	(222,130)	(2,865,279)
Common control loan forgiveness(iii)	24,073,315	-	-	-	24,073,315
Share Based payments (Note 30)	-	-	383,451	-	383,451
Acquisition of non-controlling interests (iv)	(1,998,797)	-	-	222,130	(1,776,667)
Balance at 30 June 2022	19,431,369	(12,430)	383,451	-	19,802,390
Balance at 1 July 2022	19,431,369	(12,430)	383,451	-	19,802,390
Other comprehensive income (i)	-	(21,007)	-	-	(21,007)
Share Based payments (Note 30)	-	-	52,975	-	52,975
Balance at 30 June 2022	19,431,369	(33,437)	436,426	-	19,834,358

#### (i) Other comprehensive income

The assets and liabilities of foreign operations are translated into the functional and reporting currency using the prevailing exchange rates at the reporting date. Income and expense transactions are translated into the reporting currency at the date of the transactions. The resulting differences are recognized in Other Comprehensive Income and accumulated in the translation reserve.

#### (ii) Common control business combinations

On 11 May 2021, the Consolidated Group acquired 100% of the Water Business operating entities of Sunrise Energy Metals Limited (Sunrise), for \$4 consideration. The summary of the assets and liabilities acquired are set out below:

	11 May 2021 \$
<i>Assets and liabilities</i>	
Cash & cash equivalents	16,463,296
Trade & other receivables	1,442,798
Other current assets	762,099
Right-of-use assets	43,906
Property, plant and equipment	497,527
Intangible assets	20,000
Loans from related parties (iii)	(20,193,870)
Trade & other payables	(1,367,698)
Employee benefits liabilities	(47,832)
Lease liabilities	(47,514)
Provisions	(437,991)
<b>Net liabilities acquired</b>	<b>(2,865,279)</b>
<b>Decrease in equity attributable to:</b>	
Owners of the Company	(2,643,149)
Non-Controlling interests	(222,130)

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

(iii) Common control loan forgiveness

In June 2021, Sunrise forgave loans owing by the Group. These loans mainly relate to the business assets and liabilities transferred as set out in Note 19 (ii) above, including historical cash contributions made by Sunrise prior to the Group's demerger from Sunrise on 1 July 2021.

(iv) Acquisition of non-controlling interests

On 12 May 2021, the Group acquired an additional 16.76% interest in NematiQ Pty Ltd, increasing its ownership from 83.24% to 100%. The carrying amount of NematiQ Pty Ltd's net liabilities in the Group's consolidated financial statements on the date of acquisition was a deficiency of \$1,325,413.

	\$
<i>Acquisition of NCI in NematiQ Pty Ltd</i>	
Carrying amount of NCI acquired	(222,130)
Share exchange consideration	(2,000,000)
Net debt and equity securities waived as consideration	223,333
<b>Decrease in equity attributable to owners of the Company</b>	<b>(1,998,797)</b>

The decrease in equity attributable to owners of the company was recognized within the Business Combination Reserve.

#### Note 20. Equity – accumulated losses

	Consolidated 2023 \$	2022 \$
Accumulated losses at the beginning of the financial year	(11,063,871)	-
Net loss attributable to owners of the company	(5,485,786)	(11,063,871)
	<b>(16,549,657)</b>	<b>(11,063,871)</b>

#### Note 21. Financial instruments

##### **Financial risk management objectives**

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program involves continuous identification, monitoring and management of risks to ensure both short term and longer term strategic and business objectives continue to be met. Methods the Consolidated Entity uses to measure different types of risk to which it is exposed include sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis and credit rating exposure for credit risk.

Risk management is carried out by senior finance executives under policies approved by the Board of Directors. These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits.

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

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The Consolidated Entity has exposure to the following risks from their use of financial instruments:

- Market risk;
- Credit risk; and
- Liquidity risk.

Finance identifies, evaluates and manages financial risks within the Consolidated Entity's operating units and reports to the Board on a monthly basis details regarding prevailing interest rates on cash balances, banking institution credit exposure, customer aging and contractual credit exposures and foreign currency exposure.

This note presents information about the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring risk management policies.

#### ***Market risk***

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### ***Foreign currency risk***

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

#### ***Interest rate risk***

The Consolidated Entity has term deposits for surplus cash holdings and as security for bank guarantees and credit card debts as well as at call deposit facilities with variable interest rates. The Consolidated Entity currently has no debt. Accordingly, the Consolidated Entity has limited exposure to interest rate movements and as such, has no material exposure to interest rate risk; a reasonably possible 100 basis points change in interest rates would not impact equity and profit or loss significantly.

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

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#### ***Credit risk***

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Entity's receivables from customers.

Credit risk is managed through the maintenance of procedures (such procedures include monitoring of exposures, payment cycles and monitoring of the financial stability of significant customers and counter parties) ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms differ between each key business but are generally 30 to 60 days from end of month.

#### ***Liquidity risk***

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its obligations associated with its financial liabilities as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity adopts milestone and progress invoicing, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of not less than 90 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

#### ***Accounting classifications and fair values***

Trade and other receivables, including cash and cash equivalents, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Trade and other payables are measured at fair value on recognition and at amortised cost using the effective interest rate method subsequently. Due to their short-term nature neither trade and other receivables nor trade and other payables are discounted. Financial assets and liabilities carrying amount approximates to fair value.

#### **Note 22. Key management personnel disclosures**

##### ***Directors***

The following persons were Directors of Clean TeQ Water Limited during the financial year:

Ian Knight (Chairman from 1 May 2023; Lead Independent Non-Executive Director until 30 April 2023)  
Sam Riggall (Non-Executive Director)  
Robyn McLeod (Independent Non-Executive Director)

##### ***Other key management personnel***

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, during the financial year:

Peter Voigt (Interim CEO from 1 May 2023; Executive Chairman and CTO until 30 April 2023)  
Willem Vriesendorp (Chief Executive Officer until 30 May 2023)  
Magda Klapakis (Chief Financial Officer – appointed 1 July 2021)



## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### *Compensation*

The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	1,127,642	1,206,345
Post employment benefit	63,769	67,215
Other long-term benefits	1,511	342
Share-based payments	138,009	277,647
	<b>1,330,931</b>	<b>1,551,549</b>

#### **Note 23. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Grant Thornton the auditor of the Company and KPMG the auditor for the previous reporting period:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services</i>		
Audit or review of the financial statements		
<i>Auditors of the Company 2023 – Grant Thornton</i>	<b>84,000</b>	-
<i>Auditors of the Company 2022 – KPMG</i>	-	113,000
Audit-related services	-	-
	<b>84,000</b>	<b>113,000</b>
<i>Other services</i>		
Tax compliance and advisory services – Grant Thornton	<b>21,500</b>	-
Tax compliance and advisory services - KPMG	-	12,420
	<b>21,500</b>	<b>12,420</b>

#### **Note 24. Contingent liabilities**

There are no contingent liabilities outstanding at 30 June 2023.

#### **Note 25. Related party disclosures**

##### *Parent Entity*

Clean TeQ Water Limited is the Parent Entity.

##### *Key management personnel*

Disclosures relating to key management personnel are set out in note 22.

##### *Transactions with related parties*

As disclosed on the ASX on 12 August 2021 the Consolidated Entity agreed with Sunrise Energy Metals Limited (ASX: SRL) on the continued provision of certain technical research and development services at the Sunrise Battery Materials Project in New South Wales. The technical services are being provided under the Services Agreement described in the demerger booklet associated with Clean TeQ Water's demerger from Sunrise Energy Metals (ref ASX release 17 May 2021). The scope of works covers a period of two years, which will be billed as incurred. Sunrise Energy Metals may terminate the

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

agreement at any time with notice and shall own all intellectual property developed under the scope of works. All terms are commercial and at arm's length.

Sam Riggall is director of both Clean TeQ Water and Sunrise Energy Metals.

#### *Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

#### *Loans to/from related parties*

There were no loans outstanding at the reporting date owed to related parties.

#### Note 26. Parent entity

As at 30 June 2023 and throughout the financial year ending on that date, the parent company of the Consolidated was Clean TeQ Water Limited.

Set out below is the supplementary information about the Parent Entity.

#### *Statement of profit or loss and other comprehensive income*

	Parent 2023 \$	2022 \$
Profit(loss) after income tax	(50,981)	(383,452)
Total comprehensive income/(loss)	(50,981)	(383,452)

#### *Statement of financial position of the parent entity at year end*

	Parent 2023 \$	2022 \$
Current assets	20,684	-
Non-current assets	4,686,072	4
Total assets	4,706,756	4
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Issued capital	4,704,759	1
Share based payment reserve	436,426	383,451
Accumulated losses	(434,429)	(383,448)
Total equity	4,706,756	4

#### *Guarantees entered into by the Parent Entity in relation to the debts of its subsidiaries*

The Parent Entity, and the subsidiaries are not a party to a deed of gross guarantee.

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### *Contingent liabilities*

The Parent Entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

#### *Capital commitments - Property, plant and equipment*

The Parent Entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022 or since the end of the financial year.

#### *Significant accounting policies*

The accounting policies of the Parent Entity are consistent with those of the Consolidated Entity, as disclosed in note 3, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the Parent Entity;
- Investments in associates are accounted for at cost, less any impairment, in the Parent Entity; and,
- Dividends received from subsidiaries are recognised as other income by the Parent Entity and its receipt may be an indicator of an impairment of the investment.

#### **Note 27. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

#### **Note 28. Reconciliation of cash used in operating activities**

	Note	Consolidated 2023 \$	2022 \$
Loss after income tax expense for the year		(5,485,786)	(11,063,871)
Adjustments for:			
Depreciation and amortisation		471,671	706,179
Net foreign exchange gain		11,639	(119,737)
Share-based payments		52,974	383,451
Loss on disposal of property, plant and equipment		-	7,040
Non-cash finance costs		15,119	6,722
Change in operating assets and liabilities adjusted for business combinations:			
Decrease/(increase) in security deposits		116,201	(332,402)
Decrease/(increase) in receivables & prepayments		(858,024)	(333,220)
(Increase)/decrease in contract assets		(255,052)	(1,204,089)
Increase/(decrease) in contract liabilities		(378,601)	579,252
Increase/(decrease) in provisions		170,087	227,481
Increase/(decrease) in trade and other payables		481,127	572,336
Increase/(decrease) in employee benefits		94,030	129,568
Net cash used in operating activities		(5,564,615)	(10,441,290)

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

#### Note 29. Earnings per share

	Consolidated 2023 \$	2022 \$
<b>Earnings per share for loss per share attributed to ordinary shareholders</b>		
Loss after income tax attributable to the owners of Clean TeQ Water Limited	(5,485,786)	(11,063,871)

	2023 Number	2022 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	57,710,298	44,666,174
Weighted average number of ordinary shares used in calculating diluted earnings per share	57,570,298	44,666,174

	2023 Dollars	2022 Dollars
Basic loss per share	(0.0951)	(0.2477)
Diluted loss per share	(0.0951)	(0.2477)

#### Note 30. Share-based payments

	2023 \$	2022 \$
<b>Share-based payment expense</b>		
Options (cancelled)/issued under the Employee Share Scheme	(212,625)	212,625
Performance rights issued under the Employee Incentive Plan	265,600	170,826
<b>Total share-based payment expense</b>	<b>52,975</b>	<b>383,451</b>

#### Compliance statement

1. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards issued by the IASB.
2. This preliminary report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This preliminary report does give a true and fair view of the matters disclosed.
4. The accounts are in the process of being audited.
5. The entity has a formally constituted Audit and Risk Committee.