

APPENDIX 4D

Clean TeQ Water Limited

(ABN 12 647 935 948)

**Interim period report**

Provided under ASX listing rule 4.2A.3

28 February 2023

ASX:CNQ

REPORT FOR THE FINANCIAL HALF-YEAR ENDED 31 DECEMBER 2022

The Report for the Financial Half-Year Ended 31 December 2022 does not include full disclosures of the type normally included in an annual financial report. Accordingly, this half-year financial report should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2022 and any public announcements made by Clean TeQ Water Limited during the interim reporting period in accordance with continuous disclosure requirements arising under Corporations Act 2001 (Cth).

Results for announcement to the market

	Dec-22	Dec-21 ¹	Movement	
	\$000	\$000	\$000	%
Revenue from continuing operations	6,778	7,288	(509)	(7%)
Loss after tax from continuing operations attributable to members	(2,754)	(5,881)	3,127	53%
Net loss for the period attributable to members	(2,732)	(5,820)	3,088	53%

Dividend

There were no dividends paid, recommended, or declared during the current financial period or in the previous financial period.

Net tangible assets per security

	Dec-22	Dec-21
	\$	\$
Net tangible assets per ordinary security	0.15	0.25

(1) Interim period 15 February 2021 to 31 December 2021.

APPENDIX 4D

Clean TeQ Water Limited

(ABN 12 647 935 948)

**Interim period report****Independent review of financial report**

The consolidated financial statements for the half-year ended 31 December 2022 upon which the Appendix 4D is based have been reviewed by Grant Thornton.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2022.

This report covers the half-year period of 1 July 2022 through to 31 December 2022. This period is being compared against the inaugural interim period results from 15 February 2021 through to 31 December 2021.

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

This document was approved and authorised for release by Clean TeQ Water's Executive Chairman.

Peter Voigt

Executive Chairman

28 February 2023

(1) Comparable period includes certain demerger related adjustments and operating expenses for the part-period (4.5 months) pre-demerger. Further details can be found in the Clean TeQ Water 2021 Annual Report.

CLEAN TEQ WATER LIMITED
ABN 12 647 935 948

INTERIM FINANCIAL REPORT

for the half-year ending
31 December 2022



Contents

Contents

Corporate Directory.....	2
Directors’ Report	4
Auditor’s Independence Declaration	12
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Condensed Consolidated Statement of Financial Position.....	14
Condensed Consolidated Statement of Changes in Equity.....	15
Condensed Consolidated Statement of Cash Flows.....	16
Notes to the Consolidated Financial Statements.....	17
Directors’ Declaration.....	36
Independent Auditor’s Review	37

Corporate Directory

BOARD MEMBERS

Peter Voigt (Executive Chairman)
Ian Knight (Non-Executive Director)
Sam Riggall (Non-Executive Director)
Robyn McLeod (Non-Executive Director)

COMPANY SECRETARY

Anita Addorisio

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SECURITIES EXCHANGE LISTING

Australian Securities Exchange
ASX Code: CNQ

WEBSITE

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Your directors present their report on the consolidated entity consisting of Clean TeQ Water Limited (Clean TeQ Water) and the entities it controlled (the "Group" or the "Consolidated entity") during the half-year period from 1 July 2022 to 31 December 2022. The consolidated financial statements are presented in Australian dollars, which is Clean TeQ Water's functional and presentation currency.

In compliance with the provisions of the Corporations Act 2001, the directors report the following:

1. Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Peter Voigt	Executive Chairman
Ian Knight	Non-Executive Director
Sam Riggall	Non-Executive Director
Robyn McLeod	Non-Executive Director

2. Principal Activities

Clean TeQ Water is an Australian company listed on the Australian Securities Exchange (ASX code: CNQ). The Group's principal activity is the provision and development of technology solutions for water treatment and water reuse and resource recovery to government entities and companies.

3. Financial Update

The loss after tax for the Consolidated Entity amounted to \$2,754,239 (\$5,880,586 loss after tax for the interim period 15 February 2021 to 31 December 2021) ¹.

Due to the disparate reporting periods, performance can be measured by improvements in gross margins and underlying EBITDA. During the financial half-Year, the Consolidated Entity's revenue from continuing operations was \$6,778,375 (31 December 2021: \$7,287,910¹), however underlying EBITDA loss (note 3) \$2,652,496 improved by 52% (31 December 2021: EBITDA loss of \$5,538,289¹). Gross margins, represented by the net of revenues and raw materials and other direct costs, in the reporting period were 39% / \$2,652,496 (31 December 2021: 9% / \$678,812¹); an increase of 30% from the comparative period as performance on individual projects progressively improved.

The Group reported net operating cash outflows for the interim financial period of \$3,808,418 (31 December 2021: \$4,940,670) and at the financial reporting date had cash reserves of \$6,254,148 (30 June 2022: \$5,570,746).

4. Review of Operations

The Consolidated Entity's business strategy is to build long-term shareholder value through the provision of innovative, cost-effective and environmentally sustainable solutions to water treatment, water recycling, and recovery of value from underutilised mineral resources.

During the financial half-year the Consolidated Entity was focused on providing and completing key water treatment projects, pursuing new opportunities for revenue growth, and continued development of its technology development portfolio, in particular NematiQ's Graphene Membrane, while establishing partnerships to exploit our proprietary technologies within rapidly growing lithium and tailing management markets.

An active program of research and development into complementary technologies continued to expand and enhance the Consolidated Entity's product offering in the water treatment and metal recovery industries.

(1) 2021 interim period included 10.5 months of revenue and expenses. Further details can be found in the Clean TeQ Water 2021 Annual Report.

PROJECTS

Uranium Removal Project (NT, Australia)

In May 2022, the Consolidated Entity was awarded a A\$5 million contract by Power and Water Corporation to design, manufacture and deliver a water treatment plant to remove uranium from bore water in Laramba, a remote indigenous community, approximately 200km north-west of Alice Springs in the Northern Territory.

On 16th of December 2022, the project achieved Practical Completion. The delivery was achieved safely, on time and on budget by Clean TeQ Water's experienced multi-disciplinary team. As at half-year end, the validation period was underway.

This project is the first plant to be delivered as part of the Northern Territory Government's \$28 million program to improve water quality and supply infrastructure to prioritised areas of critical need.

In this application, Clean TeQ Water used ion exchange technology to remove the naturally occurring uranium from the bore water. The ion exchange system was designed to produce minimum volumes of by-product waste. Clean TeQ Water will continue to support Power and Water Corporation through remote monitoring to ensure reliable operations and minimum disruption to the water supply.

Townsville City Council Project – Cleveland Bay Purification Plant (Queensland, Australia)

During the reporting period the Consolidated Entity signed a contract with a local civil partner A. Gabrielli Construction ('AGC') for delivery of a 15 megalitres a day ('MLD') Recycled Water Treatment Facility ('WTF') at Cleveland Bay Purification Plant as a part of a head contract for water treatment and distribution for Townsville City Council ('TCC').

Under the contract, the head contractor, AGC, is responsible for the integrated design and construction of the Recycled WTF at Cleveland Bay Purification Plant including all civil and infrastructure works. Clean TeQ Water will be responsible for the design and construction of the specified water treatment process and equipment to produce Class A water for industrial process reuse and irrigation.

The project helps reduce the demand for potable water for industry and irrigation as part of TCC's integrated water strategy. The value of this work to CNQ is around A\$10 million and includes a provision to increase the capacity of the plant to 20 MLD and to upgrade the treatment technology to reach a higher quality of water for reuse.

Koumala Drinking Water Project (Queensland, Australia)

The Consolidated Entity secured the Koumala Drinking Water Project in January 2021 through a competitive tender by offering an alternative ion exchange solution for the treatment of ground water. The total contracted revenue including variations was A\$2.9 million.

Construction of the plant was completed in August 2022, with commissioning completed in October 2022 and formal acceptance and handover in January 2023.

Clean TeQ Water's in-depth knowledge of ion exchange allowed a process to be selected that simultaneously reduces hardness, while also reducing the total dissolved solids of the water. This allows the plant to meet the aesthetic limits for both sodium and hardness in the Australian Drinking Water Guidelines, producing a higher quality and better tasting water for residents.

The treatment of groundwater to produce potable water is a key market for Clean TeQ Water, especially in areas where water quality is poor, and where limitations exist on the disposal of brines. The Consolidated Entity's technologies provide solutions that can maximise water recovery while minimising brine volumes and related brine management challenges. Similar advantages have assisted the Consolidated Entity in securing other contracts.

NESR HIROX® Project (Middle East)

In August 2021 the Consolidated Entity was awarded a significant contract, valued at around A\$3 million, to design, procure, deliver, and install a HIROX® (High Recovery Reverse Osmosis) plant to treat bore water used for enhanced oil recovery in the Middle East.

The HIROX® project is with National Energy Services Reunited Corp ('NESR'), the Consolidated Entity's strategic partner for the oil and gas sector in the Middle East, with whom a 5-year cooperation agreement was signed following the award of the contract. NESR is one of the largest oilfield services providers in the MENA (Middle East and North Africa) and Asia Pacific regions and is listed on NASDAQ (NASDAQ: NESR).

The Consolidated Entity's HIROX® solution allows for high recovery of water with minimum waste. The objective of this project is to reduce the sulphate concentration in bore water to prevent scaling when the water is used for reinjection. The HIROX® solution will significantly increase water recovery compared to traditional solutions. The result is a more efficient use of scarce bore water resources and a substantial reduction of liquid waste. Moreover, HIROX® will reuse the recovered salt, instead of adding imported salt, to achieve the targeted water density for reinjection. This results in substantial operational cost savings for the end-user and further reduces the environmental footprint.

The design, manufacturing, and shipping of all components was completed in the reporting period. As at half-year end, the assembly of the plant and electricals is close to completion.

EVAPX® Technology Project (NSW, Australia)

On 23 September 2021, the Consolidated Entity was awarded a \$1.6 million contract to design, procure, and deliver an EVAPX® system. The system is designed to treat wastewater and recover clean water and recycle brine at an agriculture by-product processing facility located in New South Wales, Australia.

The Consolidated Entity's EVAPX® process uses a unique humidification–dehumidification process to evaporate water from a highly concentrated salty wastewater, reducing the overall wastewater volume and allowing both the concentrated brine and the recovered water to be re-used. The EVAPX® solution is a lower energy solution than alternative processes, substantially reducing the carbon footprint of the products produced. The EVAPX® technology is an efficient, low energy method to treat highly concentrated wastewaters and brines to achieve minimal liquid discharge (MLD) or zero liquid discharge (ZLD). EVAPX® is supplied as a complete engineered package and has applications for treatment across a wide variety of industrial sectors including mining, metal processing, and chemicals.

The construction of the plant has been finalised and initial test runs on waste brines have been completed during the reporting period. Final commissioning and handover is planned after the reporting period.

Ordos BIONEX™ Nitrate Removal Project (Inner Mongolia, China)

In March 2022, the Consolidated Entity was awarded a contract to design, procure, deliver and install a 12,000 cubic meters per day BIONEX™ nitrate removal plant to a coal mine operator in Inner Mongolia, China. The BIONEX® solution is a combination of the Consolidated Entity's Continuous Ionic Filtration (CIF®) and BIOCLENS® (bacteria encapsulated in a protective PVA lens). BIONEX™ is highly effective for removal of nitrate from wastewater while minimising costs of operation and waste by-products.

The CIF® portion of the plant has operated continuously for most of the time since May 2022, removing nitrate to levels below the specified 1ppm level.

The installation of the biological (BIOCLENS®) section of the plant has seen substantial delays due to COVID related lockdowns in China. The BIOCLENS® portion of the plant is not required for the customer to meet the discharge requirement but once installed it will further reduce the cost of operation and result in full zero liquid discharge.

As China has moved away from strict lockdowns and its dynamic zero Covid policy at the end of December, we expect the installation and commissioning of this final portion of the plant to commence soon after the end of Chinese New Year.

This BIONEX™ plant is the first of its kind in China and will act as a demonstration site for other prospective customers. The market for BIONEX™ nitrate removal technology is large and includes treating effluents from mining, industrial processes and municipal water treatment facilities located in ecologically sensitive areas.

Other - Cooperation Agreement with Enva

In December 2022, the Consolidated Entity signed a cooperation agreement with Enva Ireland Ltd ('Enva') to promote the Company's water treatment solutions in Ireland and the United Kingdom ('UK'). The agreement grants Enva exclusivity for 24 months to implement Clean TeQ Water technologies HIROX®, DESALX® and PHOSPHIX™ in projects across the dairy, pharmaceutical, municipal, and industrial sectors in Ireland and the UK.

NEMATIQ

NematiQ is a 100% owned subsidiary of the Consolidated Entity and is focused on the commercialisation of its internally developed graphene membranes. Direct graphene nanofiltration membrane technology operates at significantly reduced pressure resulting in a lower electricity footprint and sharply reduced operational cost. Moreover, graphene membranes can reduce fouling and provide more targeted rejection of certain pollutants, reducing brine volumes and increasing water recovery rates.

While graphene membranes have long been recognised for their potential to provide a step change in performance, the absence of mass production methods has limited their use to small-scale applications. NematiQ's Graphene Membranes are manufactured using a patented and innovative high-speed layer-by-layer process allowing high-quality graphene nanofiltration membranes and cartridges to be produced at scale.

In NematiQ's Graphene Membrane, the molecular weight cut-off (MWCO) of 1,000 Daltons is defined by the layers of graphene oxide that impart the separation. This is approximately 1nm and allows water and dissolved salts to pass through while rejecting micropollutants, organics and pathogens. By not rejecting any salts in the feed waters, the membrane offers a solution that does not generate a concentrated brine where it is not necessary to remove those salts.

In 2022, various module geometries have been manufactured from small sizes of 1812 and 3012 through to industrial scale 4040 and 8040 modules.

Laboratory phase testing has been performed in the following areas throughout 2022:

1. Removal of pathogens, cyanobacteria, micropollutants and dissolved organics in drinking water reservoirs (surface water);
2. Pre-treatment of seawater for desalination (surface water);
3. Removal of pathogens and dissolved organics in treated effluent (wastewater);
4. Cleaning agricultural process waters for re-use (agriculture);
5. Beverage separation (food and beverage);
6. Cleaning domestic grey water for household re-use (domestic wastewater);
7. Concentration and purification of synthesised nanoparticles (industrial separations);
8. Black liquor concentration in the pulp and paper industry (industrial wastewater); and
9. Removing contaminants in landfill leachate (industrial wastewater).

In late 2022, two companies separately approached NematiQ to integrate its graphene membrane into their products. Preliminary experimentation and engineering related to this possible integration started in 2022 and commercial decisions are to be made prior to 30 June 2023.

The first field pilot study using Graphene Membranes commenced in December 2022 at Schreurs & Sons. Schreurs & Sons is one of Australia's largest celery and leek farms and intends to use Graphene Membranes to recycle process wastewater on-site in a closed loop. The pilot trial was completed in late January 2023, with a very high reduction in pathogens, turbidity and organics. Schreurs & Sons and NematiQ are in discussions regarding deployment of Graphene membranes into their facility following the pilot trial.

NematiQ's primary market focus is to address problems that are not well resolved with existing water treatment technologies in the agricultural, food and beverage market. 70% of the world's fresh waters are consumed by this sector and with food security becoming ever more important the willingness of large corporates in the sector to improve their environmental footprint is growing. It is intended that additional pilot studies will be completed before 30 June 2023.

METAL RECOVERY

Technology Services for Sunrise Energy Metals

Work on the use of black mass as an input material for Sunrise Energy Metals (ASX: SRL) continued during the reporting period. Preliminary results are seeing substantial leaching of nickel and cobalt in a relatively simple leach circuit. Work is also being undertaken in the recovery of lithium from the circuit using a DLE process.

Lithium Extraction

The demand for electric vehicles is growing rapidly, and securing low-cost, sustainable sources of lithium supply has become a high priority for automotive and battery companies across Asia, Europe and North America. The growing number of strategic alliances and joint ventures to vertically integrate with raw material supply chains underscores the need for new lithium resources and processing capacity over the coming decades.

While lithium from hard rock has been the cornerstone of lithium production in Australia, rapid advances are being made in the direct extraction of lithium from brines. Direct lithium extraction (DLE) uses ion exchange or adsorption technology, and Clean TeQ Water is now looking to enter the market using its proprietary continuous ion exchange approach.

During the reporting period the Consolidated Entity signed a non-binding Letter of Intent ('LOI') with Computational Geosciences Inc. (a subsidiary of Ivanhoe Electric (NYSE US: IE; TSX: IE)) and XtraLiT Ltd. (an Israeli corporation) for the purpose of considering establishing a joint venture to acquire and finance a portfolio of brine assets to produce battery-grade lithium salts based on Continuous Direct Lithium Extraction (cDLE™) technology. After the end of the reporting period, in February 2023, the Company established the joint venture (Go2Lithium) with Computational Geosciences Inc.

The Joint Venture will bring together the intellectual property and know-how to identify lithium brine assets and provide the most economical and environmentally sustainable extraction and purification process of battery-grade lithium salts.

Clean TeQ Water's proprietary continuous ion exchange circuit, a process that has been extensively tested in the production of battery-grade nickel and cobalt sulphate, will be employed to extract and purify lithium from brines. While ion exchange and adsorption materials already form a key component in many static bed DLE systems, continuous ion exchange has the potential to produce a more concentrated and purer eluate, lowering overall capital and operating costs and improving the ESG credentials of lithium production.

Clean TeQ Water is currently testing the extraction technology with a number of brine sources, and as process benchmarks are achieved it expects to move forward with pilot plant testing for specific clients and/or partners.

Kamoa Kakula Tailings (DRC)

Work commenced on the recovery of copper from the Kamoa Kakula flotation tailings. A CLEAN-IX®-based catalytic leaching process will be used to extract and recover additional copper units from the flotation tailings. ATA™ technology will be used to rapidly separate the barren solids and water to recover the water and catalyst for recycling within the process. If the tests prove successful and provide an economical solution, the work will be expanded to demonstrate the technology at a larger scale.

ATA™ Dewatering Technology

During the period Clean TeQ Water obtained an exclusive global licence to the Soane Labs, LLC ATA™ dewatering technology. In high rainfall environments the dewatering of mine tailings is becoming a critical issue for mines after the failures of several tailings storage facilities resulting in the death of locals and severe environmental impacts. Mines are looking to move from tailings storage with associated water to dry storage and the improved dewatering processes are central to a successful outcome.

An active program of works is underway to introduce ATA™ Dewatering technology to the global mining market and trials are being conducted in Australia, USA and South Africa.

CORPORATE

On 27 October 2022 the Company completed a \$5 million two-tranche placement to institutional and sophisticated investors.

Funds raised in the equity raisings will be used to fund the Company's existing projects along with commercialisation of NematiQ and emerging opportunities in metals recovery.

5. Dividends Paid or Recommended

There were no dividends paid, recommended, or declared during the current interim financial period or in the previous financial period.

6. Matters Subsequent to Reporting Date

On 18 January 2023, the Company announced the formal completion and handover of its ion exchange water treatment plant in Koumala for Mackay Regional Council in Queensland, Australia.

In February 2023 the Company entered into a distribution agreement with Stitchwise Pty Ltd for the use of ATA™ Dewatering technology, provided by Clean Teq Water, to process mining tailings of its existing customer base in South Africa for use in the backfilling of underground mine cavities. The Consolidated Entity is the exclusive global licensee for the Soane Labs, LLC patented ATA™ dewatering technology.

No other matter or circumstance has arisen since 31 December 2022 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.

7. Likely Developments and Expected Results of Operations

The Consolidated Entity will continue to pursue its objectives of international growth in key segments of the global water treatment market driven by its unique technology portfolio. Future growth regions and sectors that the Consolidated Entity is focused on include drinking water projects in rural Australia, the oil and gas sector in the middle east together with our partner NESR, and growth in Europe. These expanded sales activities are expected to result in growing sales revenues and a gradual reduction of cash needs for the Consolidated Entity's core activities.

After project completion, most customers request ongoing support for the provision of maintenance and inspection services, spare parts and consumables. This will provide the Consolidated Entity with an ongoing and growing annual revenue stream.

On 6th February 2023, a joint venture (Go2Lithium INC) was incorporated with Computational Geosciences Inc. in Vancouver, British Columbia, each holding 50% of the share capital. The venture was incorporated in Vancouver to target markets initially in Canada, where aquifers such as the Leduc formation provide shallow thick and porous reservoirs containing lithium-rich brines. Initial operations will consist of lithium extraction testing using the Continuous Direct Lithium Extraction (cDLE™) technology and demonstration facilities. Following proof of process and achievement of economic benchmarks, Go2Lithium then expects to move forward with pilot plant testing with the intention of entering the battery-grade lithium market.

Finally, the Consolidated Entity will continue to develop its existing products for customers and introduce new solutions that will further expand the Consolidated Entity's addressable market.

8. Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of Directors at Melbourne, Victoria on 28 February 2023.

On behalf of the directors



Peter Voigt
Executive Chairman

Melbourne, Victoria
28 February 2023

Lead Auditor's Independence Declaration

For the interim period 1 July 22 to 31 December 2022



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Auditor's Independence Declaration

To the Directors of CleanTeq Water Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of CleanTeq Water Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd
 Chartered Accountants

B A Mackenzie
 Partner – Audit & Assurance
 Melbourne, 28 February 2023

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Clean TeQ Water Limited

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Note	Half-year ended 2022 \$	Half-year ended 2021* \$
Revenue		6,778,375	7,287,910
Other Income		422,661	196,233
Total revenue and other income	5	7,201,036	7,484,143
Raw materials and other direct costs	6	(4,125,879)	(6,609,098)
Employee benefits expenses	7	(3,787,836)	(4,002,649)
Legal & professional expenses		(398,018)	(521,946)
Occupancy expenses		(315,875)	(301,127)
Travel & entertainment expenses		(158,314)	(330,850)
Marketing & communication expenses	6	(100,833)	(293,730)
Research & development expenses		(346,346)	(619,743)
Other expenses	6	(736,213)	(686,218)
Impairment loss on trade and other receivables, including contract assets		-	-
Operating loss before finance costs		(2,768,278)	(5,881,218)
Net finance income	6	14,039	632
Loss before income tax		(2,754,239)	(5,880,586)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners of the Company		(2,754,239)	(5,880,586)
Other comprehensive income for the period, net of tax		22,037	60,171
Total comprehensive loss for the period attributable to the owners of the Company		(2,732,202)	(5,820,415)
Total and continuing earnings per share:			
Basic earnings per share (\$)	9	(0.05)	(0.13)
Diluted earnings per share (\$)	9	(0.05)	(0.13)

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

* Half-year ended 31 December 2021 refers to the initial interim period from 15 February 2021 (date of incorporation) to 31 December 2021.

Clean TeQ Water Limited Condensed Consolidated Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 Dec 2022 \$	30 June 2022 \$
Assets			
Current Assets			
Cash and cash equivalents		6,254,149	5,570,746
Restricted cash & other financial assets		362,402	332,402
Receivables and prepayments		2,028,239	830,740
Contract assets		2,041,801	2,185,952
Research and development incentive receivable		971,471	608,845
Inventories		25,367	-
Total Current Assets		11,683,429	9,528,685
Non-Current Assets			
Property, plant, and equipment		604,012	557,666
Right-of-use assets	10	83,104	24,218
Intangible assets	11	2,354,313	2,480,280
Total Non-Current Assets		3,041,429	3,062,164
Total Assets		14,724,858	12,590,849
Liabilities			
Current Liabilities			
Trade and other payables		1,597,689	1,943,870
Contract liabilities		526,850	579,252
Lease liabilities	10	57,957	24,976
Employee benefits		584,288	529,826
Provisions	14	59,952	59,952
Total Current Liabilities		2,826,736	3,137,876
Non-Current Liabilities			
Lease liabilities	10	45,327	-
Employee benefits		60,738	49,201
Provisions	14	808,571	665,252
Total Non-Current Liabilities		914,636	714,453
Total Liabilities		3,741,372	3,852,329
Net Assets		10,983,486	8,738,520
Equity			
Share capital	12	4,704,759	1
Reserves	8	20,096,837	19,802,390
Accumulated losses		(13,818,110)	(11,063,871)
Total Equity		10,983,486	8,738,520

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

Clean TeQ Water Limited

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Note	Share Capital \$	Accumulated Losses \$	Reserves \$	Non- Controlling Interests \$	Total Equity \$
Balance at 15 February 2021		-	-	-	-	-
Loss after income tax for the period		-	(5,880,586)	-	-	(5,880,586)
Other comprehensive income		-	-	60,171	-	60,171
Total comprehensive loss for the period		-	(5,880,586)	60,171	-	(5,820,415)
Transactions with owners in their capacity as owners:						
Issue of ordinary shares on incorporation		1	-	-	-	1
Common control business combinations	8	-	-	(2,643,150)	(222,130)	(2,865,280)
Common control loan forgiveness	8	-	-	24,073,315	-	24,073,315
Share-based payments	13	-	-	179,509	-	179,509
Changes in ownership interests:						
Acquisition of non- controlling interests		-	-	(1,998,797)	222,130	(1,776,667)
Balance at 31 December 2021		1	(5,880,586)	19,671,048	-	13,790,463
Balance at 1 July 2022		1	(11,063,871)	19,802,390	-	8,738,520
Loss after income tax for the period		-	(2,754,239)	-	-	(2,754,239)
Other comprehensive income		-	-	22,037	-	22,037
Total comprehensive loss for the period		-	(2,754,239)	22,037	-	(2,732,202)
Transactions with owners in their capacity as owners:						
Equity contributions, net of transaction costs	4,704,758	-	-	-	-	4,704,758
Share-based payments		-	-	272,410	-	272,410
Balance at 31 December 2022		4,704,759	(13,818,110)	20,096,837	-	10,983,486

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

Clean TeQ Water Limited

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	Half-year ended 2022 \$	Half-year ended 2021 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	6,318,970	6,501,811
Payments to suppliers and employees (inclusive of GST)	(10,118,745)	(11,884,049)
Cash used in operating activities	(3,799,775)	(5,382,238)
Payments for security deposits	(30,000)	-
Research and development tax incentive received	-	435,829
Interest received	21,358	5,739
Net cash used in operating activities	(3,808,417)	(4,940,670)
Cash flows from Investing activities		
Payments for property, plant, and equipment	(102,443)	(145,899)
Acquisition of subsidiaries, net of cash acquired	-	16,463,292
Net cash from investing activities	(102,443)	16,317,393
Cash flows from financing activities		
Proceeds from issue of shares	4,704,758	1
Repayment of lease liabilities and interest charges	(71,475)	(174,518)
Net cash used in financing activities	4,633,283	(174,517)
Net increase in cash and cash equivalents	722,423	11,202,206
Cash and cash equivalents at the start of the period	5,570,746	-
Effects of exchange rate changes on cash and cash equivalents	(39,020)	10,953
Cash and cash equivalents at the end of the period	6,254,149	11,213,159

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

* Half-year ended 31 December 2021 refers to the initial interim period from 15 February 2021 (date of incorporation) to 31 December 2021.

Clean TeQ Water Limited

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2022

1. General Information

The financial statements cover the Clean TeQ Water Limited Consolidated Entity as a Consolidated Entity consisting of Clean TeQ Water Limited ('Clean TeQ Water' or 'the Company') and its subsidiaries ('the Consolidated Entity' or 'the Consolidated Entity'). The 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 Stock Exchange under the code CNQ.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Clean TeQ Water Limited is a for-profit 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 financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2023.

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

2. Significant accounting policies

(a) Basis of preparation

These general-purpose financial statements for the half-year reporting period ended and 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted and applied by the Consolidated Entity are consistent with those of the previous financial year and the corresponding interim reporting period.

New and amended standards adopted by the Consolidated Entity in the current reporting period had no material impact.

Where applicable, certain comparatives have been adjusted to conform with current year presentation.

Historical cost convention

The financial statements have been prepared under the historical cost convention unless otherwise described in the accounting policies.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

2. Significant accounting policies (Cont'd)

(c) New standards and interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The Consolidated Entity did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(d) Going concern

The Directors believe that the Consolidated Entity will continue as a going concern, and as a result the financial information has been prepared on a going concern basis, which contemplates the continuity of ordinary business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Consolidated Entity reported a net loss after tax for the financial half-year of \$2,754,239 (Loss of \$5,880,586 for the interim period 15 February 2021 to 31 December 2021) and the Consolidated Entity's position as at 31 December 2022 was as follows:

- The Consolidated Entity had cash reserves of \$6,254,149; and
- The Consolidated Entity had negative operating cash flows of \$3,808,418.

During the financial half-year, the following events have taken place to support the going concern basis of preparation for the Consolidated Entity:

- The Consolidated Entity has available cash on hand as at 31 December 2022 of \$6,254,148 and net current assets of \$8,856,693;
- The Consolidated Entity generated \$6,778,375 in sales revenue during the financial half-year and currently has a program of works in excess of this amount still to be completed;
- The Consolidated Entity expects to receive cash rebates from the Australian Tax Office for eligible research and development expenditure incurred in FY2022. A cash rebate relating to a tax period ending 30 June 2022 of \$761,060 is expected to be received in the March 2023 quarter. In addition, the Consolidated Entity has booked a \$362,623 receivable for an estimated refund due to it for some of its Research & Development expenditure incurred during the tax period 1 July 2022 to 31 December 2022;
- 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, on the basis of the successful completion of these contracts, that it will be awarded additional water treatment contracts in the future;
- Forecast cash flows (which include a variety of scenario-based outcomes relating to revenue totals) indicate the ability of the Consolidated Entity to maintain a positive cash position for at least the period of 12 months to February 2024.

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

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

On the basis of cash and cash equivalents available at 31 December 2022 and the cashflow forecasts to February 2024 and beyond, and the ability of the Consolidated Entity to scale back planned activities if required to preserve cash, the directors consider that the Consolidated Entity remains a going concern and these financial statements have been prepared on this basis.

3. Operating Segments

The Consolidated Entity identifies its operating segments based on management accounts used by the Executive Committee and Board of Directors in assessing business unit performance and deciding on the optimal utilisation of Consolidated Entity resources.

Reportable segments disclosed are based on aggregating operating segments where they are considered to have similar geographical, economic and functional characteristics.

The Consolidated Entity operates geographically within 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").

Consolidated – 31 December 2022						
Geographic Location: Division:	Australia			China		
	Water	Metals	Tech	Water	Reconciling Items	Total
	\$	\$	\$	\$	\$	\$
Revenue and other income						
Revenue from contracts with customers	6,397,440	-	-	4,176	-	6,401,616
Test work & pilot plants	153,928	27,095	-	-	-	181,023
Aftermarket Spares & Services	95,215	-	-	-	-	95,215
Service Fee Income	-	100,522	-	-	-	100,522
R&D tax incentive income	-	-	362,623	-	-	362,623
Other income	59,674	-	295	-	68	60,037
Total revenue and other income	6,706,257	127,617	362,918	4,176	68	7,201,036
EBITDA	804,580	(287,949)	(699,440)	(618,969)	(1,699,057)	(2,500,835)
Depreciation expenses						(141,476)
Amortisation expenses						(125,967)
Net finance income						14,039
Loss after income tax expense						(2,754,239)

Clean TeQ Water Limited

Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

3. Operating Segments

Consolidated – 31 December 2021						
Geographic Location:	Australia			China		
Division:	Water	Metals	Tech	Water	Reconciling items	Total
	\$	\$	\$	\$	\$	\$
Revenue and other income						
Revenue from contracts with customers	5,047,332	-	-	1,543,213	-	6,590,545
Test work & pilot plants	110,514	131,673	-	-	-	242,187
Aftermarket Spares & Services	301,976	-	-	-	-	301,976
Service Fee Income	-	153,202	-	-	-	153,202
R&D tax incentive income	-	-	192,506	-	-	192,506
Other income	1,584	-	-	2,143	-	3,727
Total revenue and other income	5,461,406	284,875	192,506	1,545,356	-	7,484,143
EBITDA	(1,095,469)	(376,155)	(890,702)	(1,850,334)	(1,326,629)	(5,539,289)
Depreciation expenses						(215,977)
Amortisation expenses						(125,952)
Net finance income						632
Loss after income tax expense						(5,880,586)

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

4. Demerger of Clean TeQ Water

On 1 July 2021, the company was demerged from Sunrise Energy Metals Limited (Sunrise) pursuant to the implementation of the Sunrise shareholder and court approved demerger scheme. As a result of the demerger scheme, the following has occurred:

- Clean TeQ Water received \$16.5 million of cash and cash equivalents upon assuming control of the net assets and liabilities of companies transferred from Sunrise on 11 May 2021.
- The capital structure of Clean TeQ Water was restructured by way of an equal sub-division of shares such that Clean TeQ Water then had 44,666,174 shares on issue.
- Sunrise shareholders received shares in Clean TeQ Water on the basis of 1 Clean TeQ Water share for every 2 Sunrise shares held at Record Date.
- Clean TeQ Water has demerged from Sunrise and is no longer a subsidiary of Sunrise.
- Relevant assets and leases relating to Sunrise's Water Operations were transferred or novated from Sunrise to Clean TeQ Water. Any resulting obligations or liabilities between Clean TeQ Water and Sunrise were waived/forgiven.
- Clean TeQ Water employed staff including former employees and Key Management Personnel ('KMP') of Sunrise. Employees' terms of service and existing entitlements with Sunrise were recognised and carried across to Clean TeQ Water.
- Clean TeQ Water ceased to be a member of the Sunrise Energy Metals Limited tax consolidated group and therefore also ceased to be a party to the tax funding arrangement and tax sharing agreements. Accordingly, all tax losses incurred by Clean TeQ Water up to the date of demerger remain with Sunrise, and all tax gains or losses incurred by Clean TeQ Water from the date of demerger will remain with Clean TeQ Water.

Prior to the transfer of control of the operating entities on 11 May 2021, the Company had no employees and did not have a complete corporate and administration support structure in place. Administration expenses were either incurred initially by Sunrise and transferred to Clean TeQ Water; or incurred directly by Clean TeQ Water and cash funded by Sunrise.

The Consolidated Entity's statutory financial information for the interim financial period 15 February 2021 to 31 December 2021 presents the Consolidated Entity's performance in compliance with statutory reporting obligations for that financial period.

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

5. Revenue and other income

Consolidated	31 Dec 2022	31 Dec 2021
	\$	\$
Revenue		
Revenue from contracts with customers	6,401,616	6,590,545
Test work & pilot plants	181,023	242,187
Aftermarket spares & services	95,215	301,976
Service fee income	100,522	153,202
Total revenue from contracts with customers	6,778,375	7,287,910
Other income		
R&D Tax Incentive income	362,623	192,506
Other income	60,037	3,727
Other income	422,661	196,233
Total revenue and other income	7,201,036	7,484,143

6. Expenses

Consolidated	31 Dec 2022	31 Dec 2021
	\$	\$
Raw materials and other direct costs		
Raw Materials	(1,922,891)	(5,222,491)
Subcontractors & consultants	(1,788,735)	(1,181,970)
Other direct costs (Warranty provision, project travel, freight)	(414,253)	(204,637)
Total raw materials and other direct costs	(4,125,879)	(6,609,098)
Marketing & communication expenses		
Marketing expenses	(67,715)	(136,890)
Corporate promotion	(33,118)	(156,840)
Total marketing expenses	(100,833)	(293,730)
Other expenses		
Insurance expense	(115,199)	(48,752)
Loss on asset disposal	-	(7,040)
Realised foreign exchange loss	(59,259)	(724)
Depreciation & amortisation expenses	(267,443)	(341,929)
Other expenses (Corporate, IT, office expenses)	(294,309)	(287,773)
Total other expenses	(736,213)	(686,218)
Net Finance Income		
Finance income	21,361	5,739
Finance costs	(7,322)	(5,107)
Total net finance income	14,039	632

Clean TeQ Water Limited

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2022

7. Employee Benefits

Consolidated	31 Dec 2022	31 Dec 2021
	\$	\$
Employee Benefits Expenses		
Wages and salaries	(2,341,689)	(2,417,856)
Employee entitlements	(258,867)	(232,872)
Superannuation	(268,974)	(222,443)
Equity settled share-based payments	(272,409)	(179,509)
Contractors and consultants	(320,410)	(306,732)
Other costs	(325,487)	(643,237)
Total employee benefits expenses	(3,787,836)	(4,002,649)

8. Equity – Reserves and Non-Controlling Interests

Consolidated	31 Dec 2022	30 Jun 2022
	\$	\$
Reserves		
Business Combination Reserve	19,431,369	19,431,369
Translation Reserve	9,607	(12,430)
Share Based Payments Reserve	655,861	383,451
Total reserves	20,096,837	19,802,390
Non-Controlling interests	-	-
Total reserves and non-controlling interests	20,096,837	19,802,390

Movements in reserves and Non-Controlling Interests

Movements in each class of reserve during the current financial period are set out below:

Consolidated	Business Combination Reserve \$	Translation Reserve \$	Share Based Payments Reserve \$	Non- Controlling interests \$	Total \$
Balance at 1 July 2022	19,431,369	(12,430)	383,451	-	19,802,390
Other comprehensive income (i)	-	22,037	-	-	22,037
Share based payments (Note 13)	-	-	272,410	-	272,410
Balance at 31 December 2022	19,431,369	9,607	655,861	-	20,096,837

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

8. Equity – Reserves and Non-Controlling Interests (Cont'd)

(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 recognised in Other Comprehensive Income and accumulated in the translation reserve.

(ii) Common control business combinations

On 11 May 2021, the Consolidated Entity 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
	\$
Assets and liabilities	
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	(20,193,870)
Trade & other payables	(1,367,698)
Employee benefits liabilities	(47,832)
Lease liabilities	(47,514)
Provisions	(437,992)
Net liabilities acquired	(2,865,280)
Decrease in equity attributable to:	
Owners of the Company	(2,643,150)
Non-Controlling interests	(222,130)

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

8. Equity – Reserves and Non-Controlling Interests (Cont'd)

(iii) Common control loan forgiveness

In June 2021, Sunrise forgave loans owed by the Consolidated Entity. These loans mainly relate to the business assets and liabilities transferred as set out in Note 9(ii) above, including additional cash contributions made by Sunrise prior to the Consolidated Entity's demerger from Sunrise on 1 July 2021.

(iv) Acquisition of non-controlling interests

On 12 May 2021, the Consolidated Entity 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 Consolidated Entity's consolidated financial statements on the date of acquisition was a deficiency of \$1,325,413.

	\$
Acquisition of NCI in NematiQ Pty Ltd	
Carrying amount of NCI acquired	(222,130)
Share exchange consideration	(2,000,000)
Net debt and equity securities waived as consideration	223,333
Decrease in equity attributable to owners of the Company	(1,998,797)
The decrease in equity attributable to owners of the company was recognised within the Business Combination Reserve.	

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

9. Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit/loss attributable to equity holders of the company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year. As the ordinary shares issued in July 2021 were for no consideration, the ordinary shares are treated as if issued at the beginning of the financial period.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Earnings per ordinary share is calculated on the Consolidated Entity's loss after tax of (31 December 2021: \$5,880,586) and the weighted average number of shares in issue during the year of 57,710,298 (31 December 2021: 44,666,174).

	Half-year ended 2022	Half-year ended 2021
	\$	\$
Net loss attributable to shareholders	(2,754,239)	(5,880,586)
Earnings – basic	(\$ 0.05)	(\$0.13)
Earnings – diluted	(\$ 0.05)	(\$0.13)

The weighted average number of shares in issue for the purpose of calculating basic and diluted earnings per share and basic and diluted adjusted earnings per share are as follows:

	31 December 2022	31 December 2021
Weighted average number of shares in issue		
Basic number of shares outstanding	57,710,298	44,666,174
Dilutive effect of Employee Performance Rights and Options	-	-
Diluted number of shares outstanding	57,710,298	44,666,174
Earnings per share – basic	(\$ 0.05)	(\$ 0.13)
Earnings per share – diluted	(\$ 0.05)	(\$ 0.13)

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

10. Lease Liabilities

The Consolidated Entity 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.

The Consolidated Entity as a lessee will assess whether a contract is, or contains, a lease under AASB16. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

If the contract is assessed to be, or contains a lease, the Consolidated Entity will recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

Depreciation is based on the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate. Generally, the Consolidated Entity uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability, offset by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease liabilities are recognised under AASB 16 on rental of the corporate and lab facilities leased by the Consolidated Entity. There are no indicators of impairment of lease assets as at 31 December 2022.

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

10. Lease Liabilities (Cont'd)

Consolidated	31 Dec 2022	30 Jun 2022
	\$	\$
Right of Use Assets		
Cost	142,464	853,827
Accumulated depreciation	(59,360)	(829,609)
Net book amount	83,104	24,218
Right of use assets relate to premises rented over terms between 1 and 5 years.		
Lease obligations were assumed by the Consolidated Entity upon the acquisition of subsidiaries on 11 May 2021 (Note 8).		
Lease Liabilities		
Maturity analysis		
Within one year	(61,651)	(25,125)
Later than one year and not later than three years	(46,238)	-
Less unearned interest	4,605	149
Total lease liability	(103,284)	(24,976)
Current	(57,957)	(24,976)
Non-current	(45,327)	-
Total lease liability	(103,284)	(24,976)
Amounts recognised in the consolidated statement of comprehensive income		
Depreciation expense on right-of-use assets	(84,527)	(254,174)
Interest expense on lease liabilities	(7,319)	(5,811)
The total cash outflow for leases in the period was:	(71,475)	(268,822)

11. Intangible Assets

Consolidated	31 Dec 2022	30 Jun 2022
	\$	\$
Research & development costs (i)		
Capitalised development costs – at cost	2,610,289	2,610,289
Less: accumulated amortisation and impairments	(326,154)	(217,435)
	2,284,135	2,392,854
Patents & trademarks (ii)		
Patents and trademarks – at cost	101,916	101,916
Less: accumulated amortisation and impairments	(51,738)	(34,490)
	50,178	67,426
License fees (iii)		
License rights – at cost	20,000	20,000
Less: accumulated amortisation and impairments	-	-
	20,000	20,000
Total intangible assets	2,354,313	2,480,280

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

11. Intangible Assets (Cont'd)

(i) Research & development costs

On the 30 of June 2021 the Consolidated Entity recognised internally developed assets transferred from Sunrise Energy Metals Limited (Sunrise) relating to the technology solutions delivered by the Consolidated Entity at a fair value of \$2,610,289. These internally developed assets include the CLEAN-IX® technology in respect of the development stage of the projects Continuous Ion Exchange for secondary effluent treatment for water recycling and Continuous Ion Exchange pre-treatment for reverse osmosis as well as mobile water treatment plant technology. On 30 June 2021, at the time of capitalisation within the Consolidated Entity the estimated useful life of the internally developed assets was reassessed based on a number of factors which ultimately align the useful life of the assets. The estimated useful life was reassessed to be between 11 and 13 years. The CLEAN-IX® and Mobile Water Treatment assets were assessed as available and ready for use for customers from the date of reassessment and have been amortised accordingly.

An assessment was made by management to determine whether any indicators of impairment exist. Indicators assessed included but were not limited to; the Consolidated Entity's market capitalisation, technology obsolescence, changes in laws and regulations and COVID-19. Impairment testing was performed and no impairment was noted.

(ii) Patents & trademarks

On 30 June 2021, the Consolidated Entity recognised patents and trademarks transferred from Sunrise that related to Clean TeQ Water's operations. Costs relating to patents and trademarks were previously capitalised and amortised over 20 years, which was the expected life of the patents. These patents have been recognised at \$101,916 and will continue to be amortised based on the residual expected life. The estimated residual useful life of patents and trademarks recognised is between 2 and 11 years.

(iii) Licenses and intellectual property

On 11 May 2021, upon acquisition of Associated Water Pty Ltd, the Company acquired intellectual property (including licenses) related to the technology solutions being developed by NematiQ at a carrying value of \$20,000.

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

12. Equity – Share Capital

(e) Issued and fully paid

	31 December 2022		31 December 2021	
	\$	No.	\$	No.
Ordinary shares	4,704,759	57,710,298	1	44,666,174

(f) Movement reconciliation

Ordinary Shares	Date	No. of Shares	Issue Price	\$
Opening Balance	1 Jul 2022	44,666,174	-	1
Issue of shares through Placement T1	3 Nov 2022	6,588,861	.38	2,503,767
Issue of shares through Placement T2	20 Dec 2022	6,455,263	.38	2,453,000
Transaction costs relating to placements				(252,009)
Closing	31 Dec 2022	57,710,298		4,704,759

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

The Company and its controlled entities were demerged from Sunrise Energy Metals Limited on 1 July 2021 via a capital distribution.

13. Share Based Payments

Equity settled transactions

The Consolidated Entity provides benefits to employees (including key management personnel) of the Consolidated Entity in the form of share-based payments, whereby employees render services in exchange for options or rights over shares (equity-settled transactions).

The Consolidated Entity's approach to remuneration is to ensure that employee remuneration is closely linked to the Consolidated Entity's performance and the returns generated for shareholders. Performance-linked compensation, as outlined in the Consolidated Entity's Employee Incentive Plan ('EIP'), includes both short-term and long-term incentives, and is designed to incentivise and reward employees for meeting or exceeding Company-wide and individual objectives. The short-term incentive ('STI') is an "at risk" bonus provided in the form of cash and/or shares, while the long-term incentive ('LTI') is provided as options and performance rights over ordinary shares of the Company granted pursuant to the Company's EIP Rules which were approved by shareholders on 1 July 2021.

Performance rights are granted at the discretion of the Board to employees by way of issue at nil cost both at the time of grant and vesting. Vesting is contingent on the Company meeting or exceeding performance hurdles over the performance period. The performance hurdles involve an assessment of the Company's total shareholder returns in absolute terms and relative to S&P/ASX300 index group of companies. The ASX 300 index group of companies is selected on the basis that it presents the best fit for Clean TeQ Water over the coming years and is an established and 'live' index.

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

13. Share Based Payments (Cont'd)

The replacement performance rights were at the discretion of the Board and the performance hurdles involve an assessment of the Company's total shareholder returns in absolute terms relative to the comparator peer groups designated at the original time of issue.

The EIP also provides for certain key executives to receive, for no consideration, options over ordinary shares of the Company at specified exercise prices as determined by the Board. The grant of options is intended to align the interests of senior executives with other owners of the Company over the medium to longer term and to increase those senior executives' proportion of 'at risk' remuneration. The ability to exercise the options is conditional upon each executive's ongoing employment by the Company and other applicable vesting hurdles determined by the Board from time to time.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using valuation techniques appropriate to the instrument being valued, such as Black-Scholes models or Monte Carlo simulations.

The share-based payment expense recognised in profit or loss of \$272,410 (31 December \$178,509) results from several schemes summarised below:

Schemes	\$
(i) Employee Incentive Plan (EIP)	
2020 Tranche 1 EIP Replacement – Rights	14,724
2020 Tranche 2 EIP Replacement – Rights	30,759
2021 Tranche 1 EIP Replacement – Rights	12,549
(ii) Long Term Incentive (LTI) Award	
2022 LTI Award – Tranche 1	51,484
2022 LTI Award – Tranche 2	32,213
2023 LTI Award	39,556
(iii) Initial Equity Grant Plan (Options)	91,125
Total expense for the period	272,410

(i) Replacement awards (equity settled)

Equity awarded under the Employee Incentive Plan serve as replacement for instruments issued to employees under the relevant Sunrise Energy Metals Limited (SRL) Employee Plan. The number of restricted performance rights awarded were determined on the number of performance rights previously awarded in Sunrise under the scheme. In line with the ATO/ASIC/ASX approved plans detailed in the Demerger Booklet, SRL performance rights were cancelled, and replacement Clean TeQ Water (CNQ) performance rights issued. The ATO confirmed the demerger class ruling metrics including the SRL/CNQ cost base allocation ratio at 81.82% / 18.18% based on the relative market caps of the separate companies in the first five days of trading of the Consolidated Entity.

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

13.Share Based Payments (Cont'd)

Set out below are summaries of replacement performance rights granted as at 31 December 2022:

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Vested	Expired/ Expired/ Forfeited/ Other*	Balance at the end of the period
31-Aug-21	01-Jul-22	\$0.00	201,690	-	-	(201,690)	-
31-Aug-21	01-Jan-23	\$0.00	360,219	-	-	(5,154)	355,065
31-Aug-21	01-Jul-23	\$0.00	785,749	-	-	(6,672)	779,077
31-Aug-21	01-Jan-24	\$0.00	498,015	-	-	(4,219)	493,796
			1,845,673	-	-	(217,735)	1,627,938

*Performance rights forfeited as they did not meet the vesting conditions prior to the expiry date or due to the employee ceasing employment.

The performance hurdles for the Replacement performance rights expiring 1 January 2023, 1 July 2023 and 1 January 2024 are linked to the Company's absolute TSR performance and if the Company's TSR performance outperforms against a comparator peer group over a three-year period.

(ii) Long Term Incentive Award

Equity awarded under the Group's Long-Term Incentive Award was awarded based on the Group's Employee Incentive Plan.

Set out below are summaries of performance rights granted under the Plan as at 31 December 2022:

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted*	Vested	Expired/ Forfeited/ Other	Balance at the end of the period
07-Sept-21	01-Jul-24	\$0.00	593,490	0	-	(9,083)	584,407
30-Sept-21	01-Jul-24	\$0.00	161,616	0	-	-	161,616
09-Mar-22	01-Jan-25	\$0.00	870,316	0	-	(28,937)	841,379
28-Jul-22	01-Jul-25	\$0.00	-	1,518,743	-	-	1,518,743
14-Dec-22	01-Jul-24	\$0.00	-	99,496	-	-	99,496
14-Dec-22	01-Jan-25	\$0.00	-	129,207	-	-	129,207
14-Dec-22	01-Jul-25	\$0.00	-	217,636	-	-	217,636
			1,625,422	1,965,082	-	(38,755)	3,552,484

* New performance rights that were granted during the reporting period all have the same terms and conditions as the previous period under the Long-Term Incentive Plan and as outlined in the 30 June 2022 Annual Report. These were as follows:

- 1,518,743 were issued to staff.
- 446,339 were issued to Executive Chairman Peter Voigt. The terms and conditions were the same as those issued to staff and were set out in the notice of the Annual General meeting dated 14 November 2022.

Clean TeQ Water Limited

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2022

13. Share Based Payments (Cont'd)

The key terms and inputs for each issue are as follows:

Grant date	Expiry date	Share price at grant date	Volatility	Dividend Yield	Vesting probability	Fair value at grant date
28-Jul-22	01-Jul-25	\$0.50	66.00%	-%	50%	\$0.35
14-Dec-22	01-Jul-24	\$0.38	81.30%	-%	100%	\$0.08
14-Dec-22	01-Jan-25	\$0.38	81.30%	-%	100%	\$0.15
14-Dec-22	01-Jul-25	\$0.38	81.30%	-%	100%	\$0.21

The terms and conditions of each grant of performance rights over ordinary shares for Executive Chairman Peter Voigt are as follows:

Rights granted	Grant date	Vesting and expiry date	Exercise price	Fair value per performance right at grant	% Rights Vested	% Rights lapsed
99,496	14-Dec-22	01-Jul-24	Nil	\$0.077	0	N/A
129,207	14-Dec-22	01-Jan-25	Nil	\$0.149	0	N/A
217,636	14-Dec-22	01-Jul-25	Nil	\$0.212	0	N/A

(iii) Options

Set out below are summaries of options as at 31 December 2022:

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Vested	Expired/ forfeited/ Other	Balance at the end of the period
30-Apr-21	30-Apr-27	\$0.83	750,000	-	-	-	750,000
30-Apr-21	30-Apr-27	\$0.83	750,000	-	-	-	750,000
			1,500,000	-	-	-	1,500,000

Weighted average exercise price: \$0.83

The weighted average number of years to expiry for share options issued under the Plan is 4.4 years (30 June 2022: 4.10 years).

Clean TeQ Water Limited
Notes to the Consolidated Financial Statements
for the half-year ended 31 December 2022

14. Provisions

Consolidated	31 Dec 2022 \$	30 Jun 2022 \$
Provisions – current		
Leased premises provision for make good	(59,952)	(59,952)
Total provisions – current	(59,952)	(59,952)
Provisions – non-current		
Warranties and contract claims (i)	(808,571)	(665,252)
Total provisions – non-current	(808,571)	(662,252)

(i) These provisions relate to new technologies with no previous claims experience and as such have been calculated based on managements' estimates for future rectification obligations.

15. Events occurring after the balance sheet date

On 18 January 2023, the Company announced formal completion and handover of its ion exchange water treatment plant in Koumala for Mackay Regional Council in Queensland, Australia.

In February 2023 the Company entered into a distribution agreement with Stitchwise Pty Ltd for the use of ATA™ Dewatering technology, provided by Clean Teq Water, to process mining tailings of its existing customer base in South Africa for use in the backfilling of underground mine cavities. The Consolidated Entity is the exclusive global licensee for the Soane Labs, LLC patented ATA™ dewatering technology.

No other matter or circumstance has arisen since 31 December 2022 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.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 13 to 35 are in accordance with the Corporations Act 2001, including:

- (i) complying with Australian Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;
- (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the financial period from 1 July 22 to 31 December 2022; and

(b) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Peter Voigt
Executive Chairman

Melbourne, Victoria
28 February 2023

Independent auditor's review report to the members of Clean TeQ Water Limited



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Independent Auditor's Report

To the Members of Clean TeQ Water Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Clean TeQ Water Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Clean TeQ Water Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Clean TeQ Water Limited's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Independent auditor's review report to the members of Clean TeQ Water Limited (Continued)

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 28 February 2023