

29 April 2022

Quarterly Activities Report and Appendix 4C to 31 March 2022

Clean TeQ Water Limited

ACN: 647 935 948

ASX:CNQ

OTCQX:CNQQF

Corporate Information[#]

Ordinary shares: 44.7M

Performance rights:

3.6M

Cash at bank: A\$8M

Executive Chairman

Peter Voigt

CEO

Willem Vriesendorp

Non-Executive Directors

Ian Knight

Sam Riggall

Robyn McLeod

Company Secretary

Anita Addorisio

Contact Details

12/21 Howleys Road,
Notting Hill VIC 3168

P +61 3 9797 6700

F +61 3 9706 8344

E info@cleanteqwater.com

W: www.cleanteqwater.com

[#] As at 31 March 2022

QUARTER HIGHLIGHTS

Key financial highlights for Q3 FY22 include:

- Quarterly cash receipts of \$1.6m inclusive of \$326k R&D Tax incentives received
- Net cash used in operating activities of \$3.3m
- The Company had \$8m cash on hand as at 31 March 2022

Key Operational highlights include:

- NematiQ achieved commercial scale manufacturing of Graphene Membranes
- Final commissioning of the Oman water treatment plant upgrade
- Continued progress across projects under implementation:
 - Ordos flagship 12,000 tons/day BIONEX™ nitrate removal project ready for acceptance testing and continued operation
 - Koumala drinking water supply project equipment installations close to complete
 - Hassall EVAPX agricultural by-product wastewater recycling on site construction started
 - NESR bore water treatment and reinjection water supply project site construction started
- Signed LOI with Power and Water Corporation for early design works for a water treatment project in the Northern Territory
- Cumulative year to date cash receipts of \$6.6m exceed pre-demerger full year cash receipts

Message from the CEO

This quarter we have been focused on the implementation of our existing contracts, specifically, our HIROX project in the Middle East, our BIONEX project in China, our EVAPX project in New South Wales, and our Koumala drinking water project, most of which have moved into the final phases of shipping and construction. These projects are generating substantial interest with potential clients as they demonstrate our capabilities in several market sectors. We see some slippage in the timelines of some projects due to supply chain bottlenecks and strict lockdowns in China that are impacting project timelines. We continue to monitor progress and manage client expectations.

We are especially pleased with the progress of NematiQ, having successfully printed 1,000m of Graphene Membranes, demonstrating our ability to manufacture on a commercial scale. The membranes produced have passed our extensive internal quality tests and have now been converted onto modules suitable for field testing. We are in discussions with prospective customers on field demonstration in a number of market verticals. Field demonstration is a large step in the commercialisation process.

While net cash flow this quarter is lower than last quarter, this is mainly a timing difference in receipt of project payments.

Our pipeline is growing strongly with potential of negotiations being converted into contracts. We look forward to keeping our shareholders updated with further activities.

Q3 FY22 CASH FLOW

Net cash used in operating activities was \$3.3m, an increase of \$0.8m from the previous quarter. Cash inflow from project revenue in Q3 FY 2022 was \$1.3m, compared to \$3.8m in Q2.

The cash flow reflects the phases the projects are in. Payment milestones from customers tend to be concentrated at the start (signing, design, ordering, start shipping) and the end (final construction and commissioning). Four out of our five active projects (Oman CIF[®] Plant Upgrade, Ordos BIONEX Nitrate removal project, Koumala Drinking Water project, and the EVAPX Technology Project) have passed the first phases of implementation and are waiting for the final phases to commence or to complete. Payments for product manufacturing and operating costs in Q3 FY2022 were \$2.5m, compared to \$3.5m in Q2.

An annual Australian R&D Tax Incentive of \$0.3m relating to the 2021 financial year was received in the March Quarter.

As at 31 March 2022 the Company had cash reserves of \$8m. The Company has no debt or convertible instruments. A summary of the revenue and expenditure incurred during the quarter is detailed in the attached Appendix 4C.

Q3 FY22 TRADING AND OPERATIONAL HIGHLIGHTS AND OUTLOOK

Trading Highlights

The Company has continued actively pursuing projects across the municipal, industrial, and mining sectors, some of which are moving to the decision phase and the Company remains confident about the underlying trend and prospects, especially as we continue to successfully deliver more of our large-scale projects.

The Company has several initiatives underway in the area of metals recovery with test work being undertaken in vanadium and copper in particular. We also continue to work with our potential customers on multiple trials to confirm the performance of our technology suite.

Finally, the March quarter saw an encouraging early increase of 36% in the sales of consumable and repeat business. This demonstrates our ability to continue to grow repeat revenues, as our cumulative portfolio of delivered projects increases.

Projects Update

Oman CIF® Plant Upgrade

In Oman, the Company was asked to provide an expansion of its previous plant where CIF® technology treats industrial wastewater from an antimony smelting plant. This was the third project delivered with Multotec, the Company's partner in Africa. In this application, the CIF® technology treats a highly polluted and concentrated wastewater to maximize water recovery for reuse in the smelting plant.

The construction of the expansion on site commenced in October 2021 and commissioning of this expansion was finalised at the end of the March quarter.

Using CIF® instead of traditional solutions for treating complex wastewaters can provide major advantages through its robustness against fouling and its ability to react to changes in feed water quality.

We will provide ongoing service support with our partner Multotec including spare parts, consumables and inspection services.



Oman CIF® plant

Ordos BIONEX™ Nitrate Removal Project

The BIONEX™ nitrate removal plant combines the Company's unique continuous ion exchange technology with its BIOCLENS® technology to treat 12,000 tons per day of mining wastewater. The first wastewater was successfully treated by the CIF® portion of the plant in November 2021 with the unit operating in manual mode for a demonstration to the customer and local regulators. The installation has now been completed and the plant is able to run continuously in automatic mode. Unstable influent quality and strict COVID lockdowns have delayed the acceptance testing which is planned for April/May 2022.

The BIONEX™ plant will be the first of its kind in China and will act as a demonstration site for other prospective customers. The market for BIONEX™ includes nitrate removal from effluents from mines, industrial processes, and municipal water treatment facilities located in ecologically sensitive areas such as the Yellow River basin in Northern China where this first project is located. Several prospective customers have indicated strong interest in visiting the plant upon the start of full operations when various COVID related travel restrictions are lifted.



BIONEX™ plant at Ordos

NESR HIROX® Project

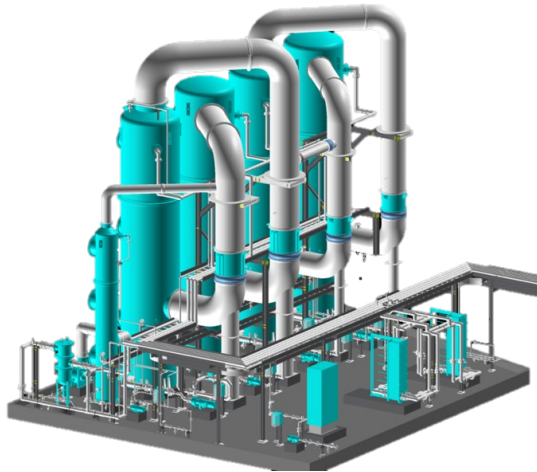
The manufacturing of all major equipment was completed in the last quarter and is currently in transit between the manufacturing locations and the site, while the construction of the civils on site has started. The shipping and manufacturing have experienced some delays due to global logistical bottlenecks and shortages meaning the final commissioning is now expected by Q4 FY22.

The end-user is a multinational oil company and the solution provided is expected to dramatically reduce not only the required water withdrawal, but also the energy and chemicals used per ton of treated water produced.

EVAPX® Technology Project

On 23 September 2021, CNQ was awarded a \$1.6m contract in New South Wales, Australia, to design, procure, and deliver an EVAPX® system to treat wastewater and recover both clean water, and the salt brine for re-use in the primary process. Manufacturing is well under way and completed for a majority of the large equipment. Preparations on site have started.

The project treats brine from an agriculture by-product processing facility. Multiple companies in this sector are looking for better and lower energy methods for brine treatment and recycling for which EVAPX® can provide a potential solution.



EVAPX® plant render and manufactured columns

Koumala Drinking Water Project

The Company won the Koumala drinking water project by offering an ion exchange solution to the treatment of ground water, providing improved effluent quality compared to alternative bids. Site construction is close to being finished and the main equipment is installed. The project had experienced delays due to scope change, COVID related travel restrictions and limited availability of electrical components. These issues have now been resolved and the target commissioning is the end of Q4 FY22.



Koumala resin exchange drinking water plant under construction

Townsville HIROX® Wastewater Reuse Plant

In December Townsville City Council issued the announcement of a new tender process for a design and construction project following changes to the scope of the Recycled Water Treatment Facility project (the 'Project'). Local legislative rules required the Council to commence a new tender process because of these scope changes.

The council has indicated that a decision will be made around the beginning of May.

Power and Water Corporation

In March, the Company signed an LOI with Power and Water Corporation (PWC) to commence design work on an upgrade to a water treatment plant in the Northern Territory. The LOI now signed includes a \$115,000 design fee for the initial design of the water treatment plant and related infrastructure.

According to the LOI, the parties will use their best endeavours finalise negotiations and sign the contract by May 2022.

PWC plans to deliver this water treatment facility as part of the Northern Territory Government's \$28 million programme of works to improve water quality and supply infrastructure to prioritised areas of critical need by using Clean TeQ Water's ion exchange resin technology.

NematiQ Graphene Membranes

NematiQ has developed ground-breaking technology to produce flat sheet Graphene Membranes at a commercial scale. These Graphene Membranes are converted into spiral wound cartridges and used in water nanofiltration and industrial separations. Graphene Membranes offer customers significant benefits in operation over conventional polymeric nanofiltration products, including energy savings, improved water recovery rates, chemical-free processes and improved by-product quality.

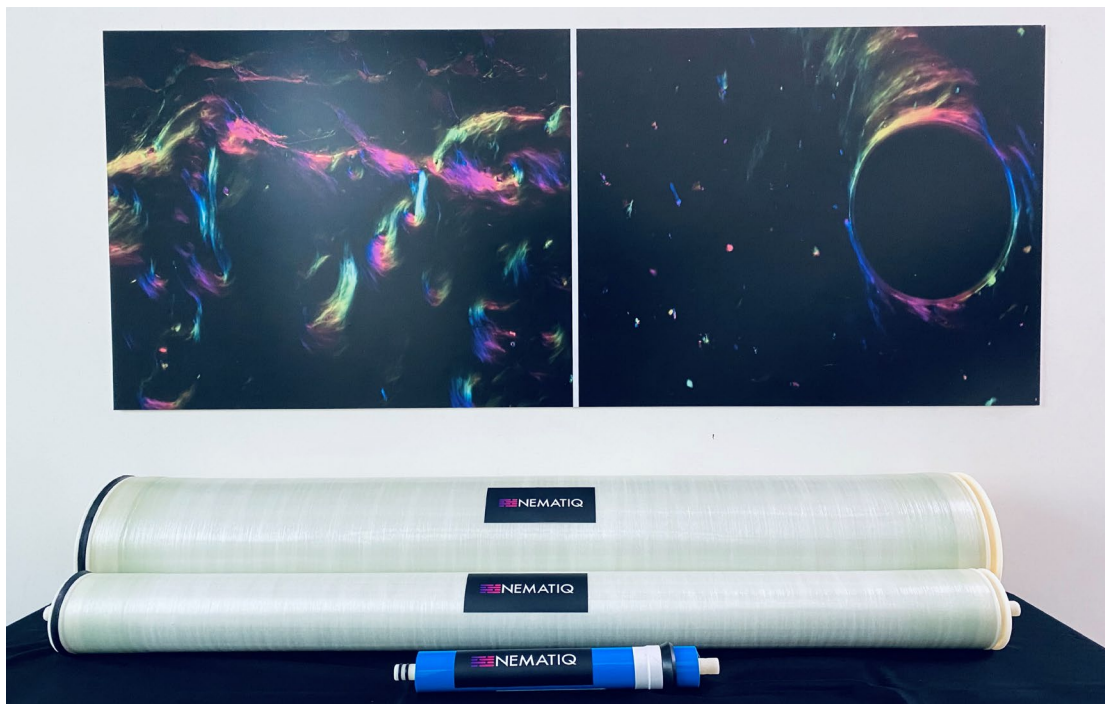
Approximately 1,000 meters of Graphene Membranes have now been produced on a commercial coating machine in readiness for commercial production of membranes. The flat sheet Graphene Membranes have been used to manufacture 1812 cartridges which have been subjected to vigorous testing of the critical properties of robustness, flux and rejection and are showing consistent results meeting the specifications.

The 1812 cartridges are being used in a laboratory system to confirm the treatment efficiency of Graphene Membranes. Applications, such as the treatment of surface water to remove dissolved organic compounds (DOC), removal of chemical oxygen demand (COD) from treated effluent and the concentration of black liquor in the paper and pulp industry, have shown very encouraging results.



NematiQ Graphene Membrane Laboratory Demonstrator

Flat sheet Graphene Membranes have now been converted into 4040 and 8040 cartridges which will be used in larger scale demonstrations at municipal and industrial sites.



8040, 4040 and 1812 Graphene Membrane Cartridges

Graphene Membrane use significantly less energy per cubic metre of water treated and we expect Graphene Membrane systems will be embraced by industrial and municipal users looking to reduce operating costs and lower their carbon footprint.

Technology Services for Sunrise Energy Metals

CNQ is providing technical services to Sunrise Energy Metals in relation to lithium ion battery products.

The scope of works has focused on two areas, being characterisation of precursor cathode active material and recycling of nickel and cobalt from black mass. Work has commenced on the black mass recycling with three samples being received. The first stage of testing of the proposed flowsheet has commenced.

Corporate Update

As announced on 11 March 2022, Non-Executive Director Stefanie Loader resigned from Clean TeQ Water's Board effective 10 March 2022.

Payments to Directors and Related Parties

As disclosed in the attached Appendix 4C, payments to related parties and their associates during the quarter totalled \$143,895 (as disclosed under section 6.1) relates to all fees, salaries and superannuation paid to Clean TeQ Water's Directors for the March 2022 Quarter.

Outlook

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

- Planned commissioning of our Ordos BIONEX™, Koumala and NESR HIROX® projects.
- Continuation of commercial discussions on projects across geographies, sectors and technologies, including multiple tenders in Australia, and multiple high value potential projects with NESR in the Middle East.
- Expansion of sales activities in EMEA with addition of local commercial representatives that will pursue and follow-up potential African and European projects.
- Commencement of pilot of CLEAN-IX® technology for valuable metal recovery from tailings and recycling waste in China.
- Demonstration of water filtration systems utilising Graphene Membrane technology.

For more information, please contact:

Willem Vriesendorp

CEO and Investor Relations

+61 3 9797 6700

Email: info@cleanteqwater.com

Website: www.cleanteqwater.com

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

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

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

FORWARD-LOOKING STATEMENTS

Certain statements in this news release constitute “forward-looking statements” or “forward-looking information” within the meaning of applicable securities laws. Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified using words such as “may”, “would”, “could”, “will”, “intend”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, “scheduled”, “forecast”, “predict”, “potential” and other similar terminology, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. These statements reflect the Company’s current expectations regarding future events, performance, and results, and speak only as of the date of this new release. Readers are cautioned not to place undue reliance on forward-looking information or statements.

Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this news release. For more information about Clean TeQ Water please visit the Company’s website www.cleanteqwater.com

Appendix 4C

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

Name of entity

CLEAN TEQ WATER LIMITED

ABN

12 647 935 948

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter A\$'000	Year to date (9 months) A\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,262	6,647
1.2 Payments for		
(a) research and development	(124)	(630)
(b) product manufacturing and operating costs	(2,473)	(7,506)
(c) advertising and marketing	(89)	(360)
(d) leased assets	-	-
(e) staff costs	(1,651)	(4,656)
(f) administration and corporate costs	(502)	(1,504)
(g) insurance costs	(23)	(174)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	326	326
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,269)	(7,847)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(29)	(126)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (9 months) A\$'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(29)	(126)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liabilities)	(47)	(166)
3.10	Net cash from / (used in) financing activities	(47)	(166)

4.	Net increase / (decrease) in cash and cash equivalents for the period	-	-
4.1	Cash and cash equivalents at beginning of period	11,213	16,005
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,269)	(7,847)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	(126)

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (9 months) A\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(47)	(166)
4.5	Effect of movement in exchange rates on cash held	91	93
4.6	Cash and cash equivalents at end of period	7,959	7,959

Note: On 1 July 2021 Clean TeQ Water Limited was demerged from Sunrise Energy Metals Limited. The cash and cash equivalents at that date are noted at item 4.1

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter A\$'000	Previous quarter A\$'000
5.1	Bank balances	4,459	6,213
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Term Deposits	3,500	5,000
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,959	11,213

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

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

Current quarter A\$'000
(143)
-

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

7. Financing facilities

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

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

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end A\$'000	Amount drawn at quarter end A\$'000
-	-
-	-
-	-
-	-

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

-

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

8. Estimated cash available for future operating activities

A\$'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

(3,269)

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

7,959

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

-

8.4 Total available funding (Item 8.2 + Item 8.3)

7,959

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

2.43

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

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

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

Answer: Not applicable as 8.5 is greater than 2.

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

Answer: n/a

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

Answer: n/a

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

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022

Authorised by the Board of Directors of Clean TeQ Water Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.