A$150m underwritten placement to accelerate development of the Clean TeQ Sunrise Project

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- Underwritten Institutional Placement (Placement) to raise a minimum of A$150m at A$1.15 per share
- Proceeds to fund early works and long lead items to enable the accelerated development of the Clean TeQ Sunrise Project with the potential to fast track first production by approximately 12 months
- Placement price represents a 6.1% discount to the last close price on the ASX of A$1.225 as at 7 March 2018
- Non-Underwritten Share Purchase Plan (SPP) for eligible shareholders in Australia and New Zealand to apply for up to A$15,000 of fully paid ordinary shares at the same price as the Placement

NOTTING HILL, Victoria, March 07, 2018 (GLOBE NEWSWIRE) -- Mr Robert Friedland and Mr Jiang Zhaobai, Co-Chairmen of Clean TeQ Holdings Ltd. (Clean TeQ or Company) (ASX:CLQ) (TSX:CLQ) (OTCQX:CTEQF), and Mr Sam Riggall, Chief Executive Officer today announced that the Company is conducting an underwritten institutional placement to raise a minimum of A$150m at A$1.15 per share. Proceeds from the Placement will be used to fund early works and long lead items to accelerate the development of its 100% owned Clean TeQ Sunrise Nickel/Cobalt/Scandium Project (Sunrise or the Project), located 350km west of Sydney.

The expedited development timetable is expected to provide Clean TeQ with the opportunity to commence production of high purity cobalt and nickel sulphate approximately 12 months earlier than previously contemplated, allowing the Company to take advantage of rapidly growing markets for these critical inputs into the lithium ion battery industry.

Placement

The Placement will comprise an underwritten placement of a minimum of approximately 130 million new shares at an issue price of A$1.15 per share (Offer Price) to institutional, accredited, sophisticated and professional investors under relevant prospectus exemptions. The Placement is being underwritten by Macquarie Capital (Australia) Limited and BMO Capital Markets on terms and conditions customary in Australia for a transaction of this nature.

The Placement will be conducted via two tranches.

1. An unconditional tranche of approximately 87 million shares, issued pursuant to ASX Listing Rule 7.1 (Tranche 1); and
2. A conditional tranche of at least approximately 44 million shares (Tranche 2) which will be subject to a shareholder approval at a vote to be held at a general meeting in April 2018.

Clean TeQ will also offer eligible shareholders in Australia and New Zealand the ability to apply to subscribe for up to A$15,000 of new shares at the Offer Price, via a Share Purchase Plan (SPP), details of which will be made available to eligible shareholders in due course.

The Offer Price represents a:

- 6.1% discount to the closing price on the ASX of A$1.225 per share on 7 March 2018, being the last trading day prior to announcement of the Placement
- 6.4% discount to the 10-day volume-weighted average price (VWAP) on the ASX of A$1.229 per share up to 7 March 2018, being the last trading day prior to announcement of the Placement

Pengxin Group retains its anti-dilution rights pursuant to the Subscription Agreement signed between it and Clean TeQ in February 2017.

Settlement of Tranche 1 of the Placement is scheduled to occur on 14 March 2018. Tranche 2 of the Placement is subject to shareholder approval at a General Meeting to be held on or around 18 April 2018 and is scheduled to settle on or around 20 April 2018. New shares issued under the Placement will rank equally with existing Clean TeQ shares.

The Placement and SPP are also subject to the approval of the Toronto Stock Exchange (TSX). The Company intends to rely on the exemption under Section 602.1 of the TSX Company Manual with respect to the approval of the Placement and SPP, and any shares to Pengxin under its anti-dilution right. Any new shares under the Placement settled into Canada will be subject to a statutory 4-month hold period.

Use of Proceeds

On 5 October 2016 the Company announced the results of a pre-feasibility study for the Project which outlined a plant and infrastructure construction timeframe estimated to be three years. The long lead items which were the determining factor behind the three-year construction timeframe were the autoclaves which, sourced via new fabrication, at the time of the pre-feasibility study, had an estimated design, fabrication, delivery and installation schedule of three years.

On 25 July 2017, Clean TeQ announced that it had acquired two autoclaves from Vale International S.A., a subsidiary of Brazilian multinational metals and mining group, Vale SA, for US$6.5 million. The autoclaves have now been shipped to Australia and successfully unloaded at Port Pirie, where they will be stored before being transported by road to the Project.

The early acquisition of these critical long lead items for the Project provides the Company with the opportunity to significantly compress the overall construction schedule. Subject to making commitments now for early works and procurement of further long lead items, the Company has the potential to further accelerate the Project development schedule by up to 12 months, reducing the total construction timeframe to approximately two years from the point of a final investment decision (FID). The expedited development timetable will allow Clean TeQ to take advantage of the rapidly growing markets for battery grade nickel and cobalt sulphate.

Specifically, between now and FID targeting late 2018, proceeds from the Placement will fund:

- Detailed engineering and design work for the process plant and associated infrastructure;
- Long lead item procurement including deposits for the acid plant, generators and fabrication of special material equipment;
- An infill drilling program to better define areas of higher cobalt grade material, targeting the ability to increase cobalt production over the first 10 years of the mine life; and
- Early site works including earth works, infrastructure, construction camp and utilities.

The Company has reserved the right to accept additional applications for new shares if market demand for the Placement exceeds the minimum underwritten amount of A$150 million. Any such additional shares will form part of Tranche 2 of the Placement. Any oversubscriptions will be applied towards:

- Additional early works which may further de-risk the Project development schedule;

- Project construction costs post-FID; and
- General corporate purposes and working capital.

Following completion of the Definitive Feasibility Study in Q2 2018, and subject to a favourable FID, formal site construction works are expected to commence in early 2019 with production, commissioning and ramp-up targeted to commence in early 2021.

Following completion of the Placement (assuming the minimum underwritten amount is raised), Clean TeQ’s pro-forma cash balance is expected to be approximately A$192m (pro-forma as at 31 December 2017).

Financing Plan

The Company has taken a number of recent steps towards securing the financing required to develop the Project, a necessary pre-condition to a favourable FID.

In late 2017, the Company appointed four leading financial institutions, National Australia Bank, Société Générale, and Natixis, and Industrial and Commercial Bank of China (ICBC) as Mandated Lead Arrangers (MLAs) (see ASX announcements of 2 November 2017 and 7 December 2017) to arrange and syndicate a finance facility targeting debt funding for a significant proportion of the total development cost of the Project, including working capital and other credit facilities.

Collectively, the MLA group are undertaking to make best efforts to provide a total of US$500 million for the proposed total credit facilities required for the development of the Project, including a debt facility to fund capital expenditure and working capital and other credit facilities including bonds and bank guarantees. The financing will be contingent upon completion of a successful due diligence process, credit approval and agreement of formal documentation of terms and conditions.

In August 2017, the Company signed a binding offtake agreement with Beijing Easpring for fixed tonnages representing approximately 20% of cobalt and nickel sulphate production from the Project over the first five years of production.
Additionally, Clean TeQ continues to engage with several other potential customers for offtake from Clean TeQ Sunrise as well as possible project-level investment.

Should the debt financing and additional project-level investments be successfully concluded, those financing initiatives, together with the offtake workstreams and this equity raising would significantly advance the Company towards securing the capital required for development of Clean TeQ Sunrise.

Commentary

Clean TeQ’s Co Chairman, Mr Robert Friedland, commented*: “The electric vehicle revolution continues to gain momentum, and Clean TeQ Sunrise is ideally placed to become a large scale, low-cost supplier of the key raw materials required for the production of lithium ion battery cathodes.”*

Clean TeQ’s Chief Executive Officer, Mr Sam Riggall, commented: *“There is exceptional interest in the battery raw material supply chain. Through this raising, when coupled with the progress made on securing long-term project debt support, the Company is now well positioned to develop Clean TeQ Sunrise into one of the world’s leading suppliers of cobalt and nickel sulphate.*

Following completion of the capital raising, the Company will be in a strong position to rapidly accelerate project development through detailed engineering and construction planning, as well as to secure some of the key long lead items which will allow us bring forward production.”

Share Purchase Plan (SPP)

Eligible retail shareholders with addresses in Australia and New Zealand will be invited to participate in the SPP up to a maximum of A$15,000 per shareholder. Participation in the SPP will be open to all eligible holders of Clean TeQ shares as at the record date of 7 March 2018. The SPP will open on 16 March 2018 and close at 5:00pm (Melbourne time) on 18 April 2018. The SPP is not underwritten.

The issue price under the SPP will be equal to the Offer Price. Shares issued under the SPP will rank equally with the Company’s existing ordinary shares on issue. No brokerage or transaction costs will be payable by subscribing shareholders. Further details on the SPP will be released on the ASX and distributed to eligible Clean TeQ shareholders in Australia and New Zealand in due course.

The theoretical maximum number of shares that can be issued under the SPP is 78 million, based on all eligible shareholders (being shareholders with a registered address in Australia or New Zealand) subscribing for their full entitlement under the SPP. Clean TeQ reserves the right to cap the SPP below the theoretical maximum number of shares at its absolute discretion.

Indicative Timetable

Event	Date[1]
Trading halt and announce Placement and SPP	Thursday 8 March 2018
Announcement of outcome under Placement	Friday 9 March 2018
SPP Record Date	*7.00pm, Wednesday 7 March 2018*
Settlement of new shares issued under Placement Tranche 1	Wednesday 14 March 2018
Allotment and trading of new shares issued under Placement Tranche 1	Thursday 15 March 2018
SPP opens	Friday 16 March 2018
General Meeting to approve Placement Tranche 2	Wednesday 18 April 2018
SPP closes	Wednesday 18 April 2018
Settlement of new shares issued under Placement Tranche 2	Friday 20 April 2018
Allotment of new shares issued under SPP and Placement Tranche 2	Monday 23 April 2018
Dispatch of holding statements	Tuesday 24 April 2018

[1] The above timetable is indicative only and subject to change. Clean TeQ, in conjunction with the Joint Lead Managers, reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules, the TSX Company Manual, and other applicable laws. All times and dates are in reference to Melbourne time.

Clean TeQ shares will remain in a trading halt pending completion of the Placement.

Additional Information

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should seek appropriate professional advice before making any investment decision.

Macquarie Capital (Australia) Limited and BMO Capital Markets are acting as Joint Lead Managers, Underwriters and Bookrunners for the Placement. Baker McKenzie is acting as legal adviser to Clean TeQ in relation to the Placement.

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About Clean TeQ Holdings Limited (ASX:CLQ) – Based in Melbourne, Australia, Clean TeQ is a

global leader in metals recovery and industrial water treatment through the application of its proprietary Clean-iX® continuous ion exchange technology.

For more information about Clean TeQ please visit the Company’s website www.cleanteq.com.

About the Clean TeQ Sunrise Project – Clean TeQ is the 100% owner of the Clean TeQ Sunrise Project, located in New South Wales. Clean TeQ Sunrise is one of the largest cobalt deposits outside of Africa, and one of the largest and highest-grade accumulations of scandium ever discovered.

About Clean TeQ Water – Through its wholly owned subsidiary Clean TeQ Water, Clean TeQ is also providing innovative wastewater treatment solutions for removing hardness, desalination, nutrient removal, zero liquid discharge. The sectors of focus include municipal wastewater, surface water, industrial waste water and mining waste water.

For more information about Clean TeQ Water please visit www.cleanteqwater.com

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This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such offer would be illegal. The ordinary shares to be issued under the Placement and the SPP have not been, and will not be, registered under the United States Securities Act of 1933 (the US Securities Act) or under the securities laws of any state or other jurisdiction of the United States. Accordingly, such shares may not be offered or sold to persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws.

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, the Clean TeQ Sunrise Project, 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 by the use of words such as “may”, “would”, “could”, “will”, “intend”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, “scheduled”, “forecast”, “predict” and other similar terminology, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. These statements reflect the Company’s current expectations regarding future events, performance and results, and speak only as of the date of this new release.

Statements in this news release that constitute forward-looking statements or information include, but are not limited to: statements regarding the completion of the Placement and SPP; statements regarding the use of proceeds of the Placement; and the development and construction timetable of the Project and the delivery of certain long lead-time items for the Project, statements regarding the completion of the project debt financing and project level investments, statements regarding the participation of Pengxin Group in exercising its anti-dilution rights, and statements regarding oversubscriptions. Readers are cautioned that actual results may vary from those presented. All such forward-looking information and statements are based on certain assumptions and analyses made by Clean TeQ’s management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believe are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information or statements including, but not limited to, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; changes in investor demand; the results of negotiations with project financiers; the failure of parties to contracts to perform as agreed; changes in commodity prices; unexpected failure or inadequacy of infrastructure, or delays in the development of infrastructure, and the failure of exploration programs or other studies to deliver anticipated results or results that would justify and support continued studies, development or operations.

Other important factors that could cause actual results to differ from these forward-looking statements also include those described under the heading "Risk Factors" in the Company's most recently filed Annual Information Form available under its profile on SEDAR at www.sedar.com.

Readers are cautioned not to place undue reliance on forward-looking information or statements.

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

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