

Metallurgical Corporation of China Ltd (MCC) selected as a key project delivery partner for Clean TeQ Sunrise

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Heads of Agreement with MCC for a fixed-price EPC contract covering detailed engineering and on-site construction of Clean TeQ Sunrise

Delivery of the EPC contract will reduce financial and project execution risk

Front-end-engineering and design (FEED) planned to commence in 4Q 2018

EPC proposal includes a detailed capital cost estimate similar to the Definitive Feasibility Study

MCC brings deep experience in nickel/cobalt project development and operations, and their investment in battery raw material production

MELBOURNE, Aug. 30, 2018 - Mr Robert Friedland and Mr Jiang Zhaobai, Co-Chairmen of [Clean TeQ Holdings Ltd.](#) (Clean TeQ or Company) (ASX/TSX:CLQ; OTCQX:CTEQF), and Mr Sam Riggall, Chief Executive Officer, are pleased to announce the signing of a Heads of Agreement (Agreement) with Metallurgical Corporation of China Ltd (MCC), confirming the selection of MCC as a key project delivery partner for the Clean TeQ Sunrise Project (Project).

MCC is headquartered in Beijing and is part of China Minmetals Corporation, the largest and most internationally-focused mining company in China.

The selection of an EPC delivery model and the appointment of MCC as a project delivery partner is an important milestone, which is expected to deliver significant benefits, including:

- Leveraging MCC's strong experience in the design, construction and operation of lateritic nickel/cobalt mining, processing and refining operations
- Decreasing the financial and project execution risk to Clean TeQ via the transfer of risk via the EPC contracting arrangements
- Providing opportunities for low cost procurement and pre-assembly through MCC's extensive network of suppliers
- Enhancing the debt-carrying capacity of the Project and potentially opening up opportunities for Chinese capital support for Clean TeQ Sunrise

Details of the Agreement

Having signed a Heads of Agreement, Clean TeQ and MCC will now move to finalise negotiations on the Front-End-Engineering and Design (FEED) contract, which is expected to be concluded in coming weeks. Under the FEED contract, MCC and one of its subsidiaries, China ENFI Engineering Corporation (ENFI), will work with Clean TeQ's owners' team to manage project scope, critical design criteria and equipment and materials selection during this phase. This approach is expected to help ensure good alignment between activities in China and Australia and strong collaboration between the parties as the optimal plant design and selection of critical materials and equipment is determined.

Once the FEED contract is agreed, Clean TeQ and MCC will work toward negotiating a detailed fixed-price

EPC contract for detailed engineering and construction of the process plant infrastructure, based on the summary terms and conditions contained in the Heads of Agreement. Several critical commercial aspects of the EPC contract have already been agreed as part of the Heads of Agreement negotiation, with a final detailed and binding EPC contract containing a lump-sum price expected to be agreed during the first half of 2019.

To support its on-site activities, MCC is planning to engage experienced, tier-one Australian construction contractors during the construction phase.

The indicative EPC proposal received from MCC includes a capital cost estimate that is not materially different from the capital estimate contained in the Definitive Feasibility Study (announced on 25 June 2018). Accordingly, there is no material impact on the outcomes of the Definitive Feasibility Study or the National Instrument 43-101 Technical Report titled, “Sunrise Nickel Cobalt Project, New South Wales, Australia NI 43-101 Technical Report”, with an effective date of 25 June 2018 (the NI-43-101 Report) (announced on 7 August 2018).

A majority of the FEED work will be run from Clean TeQ’s Perth office, resourced with an integrated owner’s team of engineers and project managers. As the project progresses to detailed engineering, work will migrate to engineering offices located in China. A handover of engineering activities and mobilisation of the team has commenced. This handover is expected to result in a small delay to the overall Project schedule of around 3 months, with formal construction expected to commence by mid-2019.

In parallel with FEED activities, a China-based Clean TeQ owner’s team, focused on engineering oversight, procurement, quality control and assurance and pre-assembly activities will be established in Beijing.

Clean TeQ intends to separately appoint an Australia-based contractor to manage design and construction of the non-process plant (i.e., non-MCC scope) infrastructure required for the Project. Non-process plant infrastructure will include the accommodation facilities, water pipeline, power line, tailings facility, water storage pond and ancillary support infrastructure. A number of parties are being assessed by Clean TeQ for this role, with a formal appointment to be announced in due course.

About MCC and ENFI

Headquartered in Beijing and part of China Minmetals Corporation, MCC is China’s largest mining and metals engineering and construction group with extensive experience in the design, engineering, construction and operation of base metals processing operations. MCC has a strong track record of delivering projects similar in scope and scale to Clean TeQ Sunrise, including the successful development of the low-cost, long life Ramu NiCo Operation (Ramu) in Papua New Guinea. Ramu is majority owned and operated by MCC and is one of the largest producers of cobalt outside of the Democratic Republic of the Congo. MCC also has significant experience in building and operating large-scale nickel and cobalt refineries, where it has ownership interests in production facilities which supply the lithium ion battery industry supply chain. MCC have an established business in Australia, with their capability focused in Perth.

MCC subsidiary China ENFI Engineering Corporation (ENFI), will partner with MCC for the critical design and engineering of the process plant refinery. ENFI, established in 1953, is a specialist metallurgical and mining engineering business with extensive experience in the design and engineering of non-ferrous metals projects globally.

Comments

Clean TeQ’s Co-Chairman, Robert Friedland, welcomed the agreement. “MCC and ENFI, part of China Minmetals Corporation, are considered to be some of the world’s leading mining and metallurgical construction and engineering groups, and I am delighted that they have been selected as project partners for our Clean TeQ Sunrise Project. There is very strong alignment between MCC/ENFI and Clean TeQ which will ensure we can, together, build and deliver a truly world-class Project,” he said.

Clean TeQ’s Chief Executive Officer, Sam Riggall, also commented, “The appointment of

MCC/ENFI is another key milestone for the development of Clean TeQ Sunrise. Throughout our discussions, we have been impressed with MCC's and ENFI's level of experience and knowledge in the design and construction of hydrometallurgical projects and their strong interest in the development of the Clean TeQ Sunrise Project.

"Negotiation of a fixed-price EPC contract, which we will be working on over coming months, will deliver significantly lower financial and project execution risk, and places Clean TeQ in the best position to deliver the Project successfully.

"With MCC now engaged, Clean TeQ can continue to progress the build-up of our delivery team in preparation for the construction expected to commence in mid-2019."

Financing Update

Clean TeQ is currently engaging with numerous industrial end users who understand the strategic importance and value of the Project and have shown particular interest in securing long-term supply of the raw materials which are critical to their businesses. These end users include major vehicle and consumer electronics manufacturers as well as participants across the lithium ion battery supply chain. Discussions with these parties, focused on product offtake agreements, as well as the opportunity for equity investment at Project level, are progressing constructively.

In addition, as announced in November 2017, four mandated lead arranger (MLA) banks – Societe Generale, National Australia Bank, Natixis and Industrial and Commercial Bank of China (ICBC) – have been engaged to arrange and syndicate a finance facility including debt finance as well as working capital and other credit facilities. The MLA banks will make best efforts to provide a total of US\$500 million of the total credit facilities required for the development of the Project, with the balance of the debt facilities to be raised through a syndication process. The debt financing will be contingent upon completion of a successful due diligence process, agreement of terms and conditions, credit approval and syndication.

Following completion of the Definitive Feasibility Study in June, the banks' technical advisor has been engaged and technical and other due diligence is underway.

Further information on MCC and ENFI can be found on their websites, below:

MCC: <http://www.mcc.com.cn/>

ENFI: <http://www.enfi.com.cn/>

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About Clean TeQ Holdings Limited (ASX/TSX: 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.

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: expected benefits of the Agreement between Clean TeQ and MCC; anticipated timing for the execution of a FEED contract among the Company, MCC and ENFI and the anticipated collaborative alignment it is expected to achieve between activities in China and Australia; anticipated timing to execute a final detailed and binding EPC contract and that it will have no material impact on the outcomes of the Definitive Feasibility Study or the NI 43-101 Report; and construction expected to commence by mid-2019. 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; 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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