



Company	Clean TeQ holdings
Code	CLQ
Meeting	AGM
Date	15 October 2020
Venue	Online
Monitor	Henry Stephens

Number attendees Zoom meeting	Not known
Number of holdings represented by ASA	6
Value of proxies	\$142,000
Number of shares represented by ASA	431,116
Market capitalisation	\$246m
Were proxies voted?	Yes
Pre AGM Meeting?	No

Lots of challengers but the Company is moving forward

Based in Melbourne, Clean TeQ is a global leader in metals recovery and industrial water treatment through the application of its ion exchange technology. The company owns 100% of the Clean TeQ Sunrise battery project located in western New South Wales. Sunrise has one of the largest and most cobalt-rich nickel laterite deposits outside of Africa, used to produce nickel/cobalt batteries for electric vehicles, and one of the largest and highest-grade accumulations of scandium ever discovered. Scandium is used to produce lighter, corrosion resistant alloys for the aerospace and automotive industries. Currently no final investment decision has been made with respect to the project and no sales agreements or financing package is in place. For a short review of the company's operations take a look at the link below for the CEO's presentation at the AGM: <https://clients3.weblink.com.au/pdf/CLQ/02294029.pdf>

The ASA voted in favour of all the resolutions at the AGM and all the resolutions were passed 97% in favour except for the two directors seeking re-election. 14% of votes cast were opposed to the re-election of Eric Finlayson and 10% were against the re-election of Jiang Zhaobai. Your monitor finds it difficult to understand this as Eric Finlayson is a geologist with 38 years of global experience of which he worked for Rio Tinto for 24 years. Furthermore he has had direct experience working on a nickel project in Sulawesi which would clearly benefit the Sunrise project. Jiang Zhaobai has a most impressive resume. He started a real estate development company in

1988 which has developed 20 million square metres and has continued to grow into an industrial conglomerate with interests in agriculture, mining, technology, environmental science, and investments. Resolution 7 about share consolidation across the Toronto and Australian exchanges was withdrawn because the ASX and the Toronto Securities Exchange's (TSX) back office settlement systems were not able to be aligned in order to implement the Share Consolidation while also allowing for shares to continue to trade on the TSX post-consolidation. As a result, the company decided to withdraw the resolution. The resolution was strongly supported by shareholders (96% in favour) and it is expected that directors will put the resolution to shareholders again once it is practical to do so. We approved of the Remuneration Report and the issue of performance rights to the CEO as they were largely in line with ASA guidelines.

The CEO mentioned that the board is reviewing options to separate Sunrise and the water business into separately listed vehicles, with a singular investment proposition to aid future financing for both. When a decision has been made shareholders will be notified.

Your analyst asked three questions and the interesting answers are shown below:

1. I would like to ask Mr. Jiang Zhaobai a question. China's trade relations with Australia are at an all-time low now. Will this affect the company's ability to sell our nickel, cobalt, and scandium products into the Chinese market? If the Chinese do not buy our products what other markets are there to sell such large quantities of these products into? When do you think our trade relations will improve with China?

Answer: Mr. Jiang via an interpreter answered the question by saying he is an enthusiastic promoter of the project in China and he is not worried about supplying the company's products to the Chinese market. Trade is especially important to both countries and in the long run the relationship between the countries will be okay. "Not a problem to supply China".

Resolution 2

2. Electricity costs are quite high now. There are several coal-based power stations in NSW and Victoria that are forecast to close over the next 10 years. Has the company factored into their electricity forecasts for the Sunrise project higher or lower prices resulting from the closure of these power stations? Will a move to renewable energy reduce electricity costs for the Sunrise project?

Answer: The Sunrise project is designed to run on renewables. The plant will have a tie line into the NSW grid and the plant itself will generate a large amount of electricity on site using renewables.

Resolution 8

3. The only fair way to raise equity capital from a small shareholders' point of view is via a Pro-Rata Accelerated Institution with Tradeable Retail Entitlement Offer (PAITREO). This method of raising capital is totally fair for all shareholders because retail shareholders can participate in the

equity raising and they can sell their rights if they do not want to participate. What are your views on this method of capital raising and will you use it in the future to raise capital?

Answer: The CEO agrees with the ASA that the PAITREO approach works and is fair, but it needs to be tempered. A young company faces many different challenges and the market condition for raising capital is one such challenge. The board must consider the likely success of the capital raise. Ultimately for the board success is paramount.