Melbourne, 25 May, 2015

Clean TeQ Announces Completion of Syerston Scandium Scoping Study

Clean TeQ Holdings Limited (**ASX: CLQ**) is pleased to announce the results of its Scoping Study (Study) on the Syerston Scandium Project (Project) in central New South Wales.

Highlights:

- **Based on a long term scandium oxide (99.9% purity) price of USD$1,500/kg Sc_2O_3, the Project delivers a Post-tax NPV of AUD$279.1M and 53% post-tax IRR.**
- **Capital cost of AUD$78.4 million (USD$61.2 million[1]) which includes a 20% contingency on directs costs.**
- **Average operating cash cost of AUD$571/kg Sc_2O_3 (US$446/kg Sc_2O_3[1]) over 20 year mine life.**
- **Average production of 42.5tpa scandium oxide over the initial 20 year mine life, with additional resources available for decades of additional production.**
- **Pilot plant currently being readied for processing Syerston material to produce scandium oxide samples for customer testing and qualification purposes.**

1 Study Parameters

The Study was based on a flow sheet processing 64,000tpa of feed in Syerston's near-surface resource. The processing plant consists of a high pressure acid leach (HPAL) circuit followed by Clean TeQ's Resin-In-Pulp (RIP) technology for scandium recovery, followed by purification. The processing plant produces an average of 42.5tpa of 99.9% Sc_2O_3 over the 20-year mine life.

The current global supply of scandium oxide is approximately 10-15tpa, with prices ranging from USD$2,000-3,000/kg Sc_2O_3[2]. In order to facilitate wider-scale adoption in key emerging markets (such as high performance aluminium alloys), Clean TeQ has used a long term scandium oxide price of USD$1,500/kg Sc_2O_3 in its project valuation, which is at a significant discount to the current market prices.

The Study has been developed on a Measured, Indicated and Inferred resource, completed by OreWin Pty Ltd (OreWin), based on over 1,200 historical drill holes (for further detail see ASX announcement dated 23 January 2015).

[1] 0.78USD:1AUD exchange rate applied
[2] *QYResearch Scandium Oxide Industry Research Center, Global and Chinese Scandium Oxide Industry Report 2014*

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Laboratory test work was undertaken with ALS Metallurgy in Perth and internally at Clean TeQ's laboratory in Melbourne, utilising material taken from site.

CPC Project Design Pty Ltd (CPC Project Design) provided a capital and operating cost estimate for a number of alternative process routes. Golder Associates Pty Ltd carried out a study to determine the availability of water from established bores and local townships in the Project area.

Financial modelling and analysis was performed internally by Clean TeQ.

The following table provides a summary of the key parameters used in the base case evaluation of the Project:

Table 1: Syerston Project Summary Table

Parameter	Assumption / Output
Resource Base used for Mine	**Measured & Indicated Resource**[1]
Processing Plant Throughput	**64,000tpa (1.28Mt over 20 years)**
Processing Plant Average Feed Grade (Year 1-20)	**510g/t Sc** [2]
Sc_2O_3 Average Production (Years 1-20)	**42.5tpa Sc_2O_3**
Processing Plant Recovery	**85%**
Life of Mine	**20 years**
Long Term Sc_2O_3 Price Assumption (99.9% purity)	**USD$1,500/kg Sc_2O_3**
Exchange Rate	**0.78USD:1AUD**
Total Capital Cost	**AUD$78.4M** [3]
Average Sc_2O_3 Unit Operating Cost (Year 1-20)	**AUD$571/kg Sc_2O_3** **USD$446/kg Sc_2O_3**
Average Annual Revenue	**AUD$81.8M**
Net Present Value (NPV) – post tax	**AUD$279.1M** [4]
Internal Rate of Return (IRR) – post tax	**53%** [4]

1. *Resource base outlined in Section 4 below*
2. *Includes pit selection, dilution and mining factors applied*
3. *20% contingency on direct capital costs*
4. *Post Tax, 8% discount rate, 100% equity, real terms*

All $ are in Australian Dollars (AUD) unless otherwise stated.

2 Scandium Resource

The Project Mineral Resource incorporates re-interpretation of the historical mineralisation with a focus on scandium. A total of 1,242 holes and 29,377 scandium assays were used for the resource estimate.

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This includes 725 RC drill holes by Black Range Minerals for a Feasibility Study in 2000, 117 RC drill holes by Ivanplats Syerston for a 2005 Feasibility Study Update, and 14 holes by Ivanplats Syerston in 2014. The drilling campaign in 2014 focused on potential high-grade scandium mineralisation to the north of the EL.

Table 2 provides a summary of the Mineral Resource estimate, at a scandium cut-off of 300ppm Sc and 600ppm Sc. Further information can be found in our ASX announcement dated 23 January 2015.

Table 2: Syerston Scandium Mineral Resource Estimate

Cut-off	Classification Category	Tonnage, Mt	Sc Grade, ppm	Sc Tonnes	Sc_2O_3 Equiv Tonnes*
Sc >300ppm	Measured	1.1	411	465	712
	Indicated	17.9	424	7,570	11,583
	Inferred	6.4	386	2,480	3,795
	Total	**25.4**	**414**	**10,516**	**16,089**
Sc >600ppm	Measured	0.1	686	62	95
	Indicated	1.1	667	701	1,073
	Inferred	0.1	630	55	84
	Total	**1.2**	**666**	**818**	**1,252**

** Sc tonnage multiplied by 1.53 to convert to Sc_2O_3.*

The Measured and Indicated resource was used for the Scoping Study.

A drilling program is currently underway to focus on the high-grade zones identified in resource modelling, with results available in the coming weeks. The purpose is to better define these high-grade areas with the aim of increasing the overall resource size and grade.

3 Mining

The mineralisation is shallow, allowing for small-scale mining activities with minimal dilution. The shallower depths were treated as waste due to the limited assays. However these areas are prospective for scandium mineralisation and are also the focus of the current drilling program.

The average strip ratio over the life of the project is 2.3:1, with the aim of decreasing this with the current and future drilling programs. No consideration was given to stockpiling. Further optimisation work will be carried out in the next stage, including results from the current drill program.

4 Metallurgy & Processing

The two previous owners completed extensive metallurgical piloting for nickel and cobalt, including variability testing of the different lithologies. This has provided a solid basis to establish the design criteria for the Project. During each of these testwork programs, scandium was followed in the analysis. This provided a high degree of confidence on scandium extraction using HPAL.

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To provide greater confidence in the results of earlier test work, basic sighter tests were carried out at ALS Metallurgy on historical samples from the Syerston deposit. Resin loading tests were carried out in Clean TeQ's lab and ALS Metallurgy to confirm the key loading criteria for the scandium extraction plant.

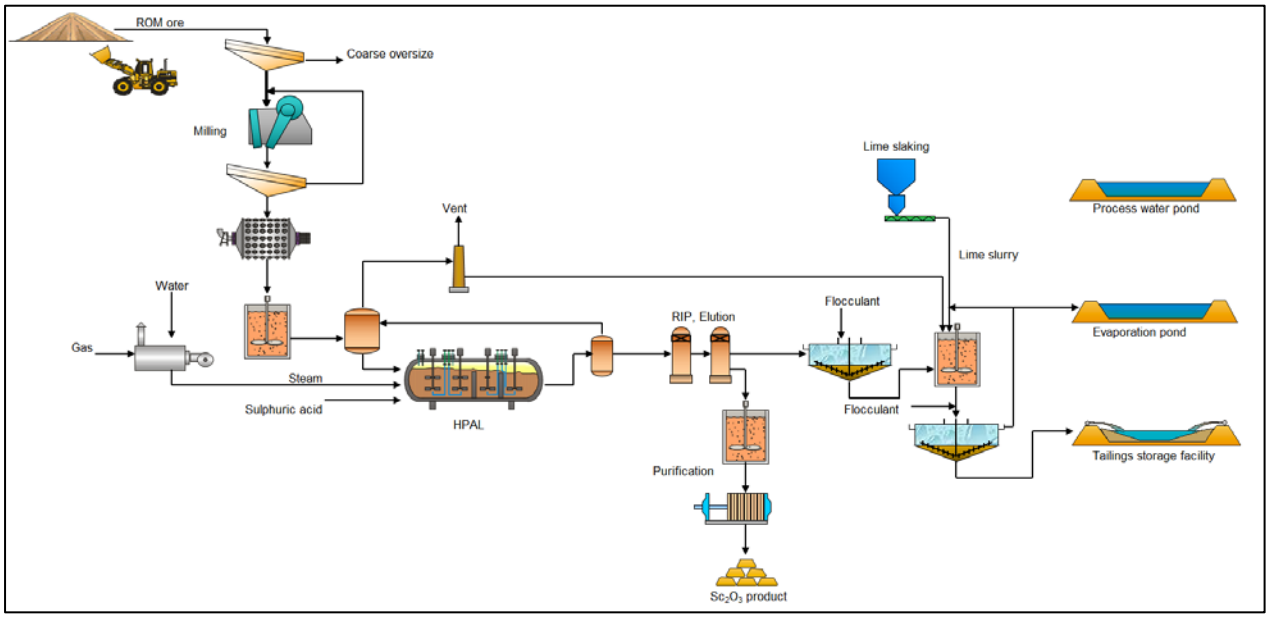

Figure 1: Simple Flowsheet of Syerston Scandium Processing Plant

The base case plant assumes a milling circuit, followed by high pressure acid leach (HPAL) and Resin-In-Pulp (RIP) on leached slurry to recover scandium. Slurry is then neutralised and sent to tailings. The scandium-rich solution is then sent through a multi-stage purification step to produce a final Sc_2O_3 product. Based on the current and historical test work an overall scandium recovery of 85% was assumed producing a 99.9% purity Sc_2O_3 product.

No consideration was given to nickel and cobalt recovery in the process, which has the potential to increase revenue from the Project. Clean TeQ intends to use its significant experience in nickel and cobalt recovery from laterites to investigate this additional unit process step.

5 Capital Cost Estimate

Table 3 provides a breakdown of the capital cost estimate provided by CPC Project Design.

The capital estimate of **AUD$78.4M** includes a 20% contingency on directs and is at an **accuracy of ±35%.** The estimated construction and commissioning/ramp up period is 12 months with an additional 6 months to reach plant capacity.

Working capital and sustaining capital were not included in this capital estimate, but have been included in the financial analysis (discussed in Section 7).

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Table 3: Syerston Capital Cost Estimate

Plant Area	(AUD$M)
Beneficiation & Leach Feed	$2.2
High Pressure Acid Leach (HPAL)	$25.8
Resin-In-Pulp (RIP)	$3.0
Purification	$1.1
Neutralisation & Tailings	$2.8
Reagents	$4.0
Services	$9.5
Total Directs	**$48.4**
Indirects, including EPCM	$17.9
Owners Costs	$2.4
Capital Cost, excluding Contingency	**$68.7**
Contingency (20% of Directs)	$9.7
Total Capital Cost Estimate (AUD$M)	**$78.4**

6 Operating Cost Estimate

Table 4 provides a summary of the average operating cost estimate over the 20 year life of mine. An average long term exchange rate of 0.78USD:AUD was applied.

Table 4: Average Operating Cost (Years 1-20)

Cost Centre	AUDM$ p.a.	AUD$ per kg Sc_2O_3	USD$ per kg Sc_2O_3
Variable Costs			
Mining	$1.1	$25	$20
Reagents	$8.6	$204	$159
Utilities	$1.3	$31	$24
Consumables	$0.3	$8	$6
Power	$0.8	$18	$14
Subtotal	$12.1	$272	$212
Fixed Costs			
Labour	$6.1	$144	$112
Power	$0.2	$6	$5
Maintenance	$2.7	$64	$50
General & Administration	$3.1	$72	$56
Subtotal	$12.1	$286	$223
Total Average Operating Cost	**$24.2**	**$571**	**$446**

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Due to the mining of higher grade material in the earlier years of the Project, operating costs are expected to be lower than the life of mine average. The financial modelling currently forecasts average operating costs in the first five years of production at AUD$525/kg Sc_2O_3 (USD$411/kg Sc_2O_3).

7 Valuation & Sensitivity Analysis

The valuation of the plant has been undertaken via an assessment of the discounted cash flow for the life of the Project (being 20 years). A cash flow model was constructed for the scoping study, based on inputs from the technical model/mass balance and the engineering cost estimate completed by CPC Project Design.

The model assumes an 8% discount rate, 100% equity financed and a 30% corporate tax rate. Working capital of AUD$2M in Year 0 was assumed, with AUD$1M each subsequent year for the life of mine. For the base case, no expansions of the mine were assumed throughout its 20 year operating life.

A long term scandium price of USD$1,500/kg Sc_2O_3 was applied in the model. While this price is significantly lower than prices quoted in the modelling of other scandium projects, Clean TeQ believes that this price is necessary to facilitate the wider-scale adoption of scandium in key emerging industrial applications, such as high performance aluminium alloys.

Based on this analysis the Project has a **NPV (post-tax) of AUD$279.1M** with an **IRR (post-tax) of 53%**.

A sensitivity analysis was also carried out to determine the effects of key variables in relation to a post-tax NPV of AUD$279.1M.

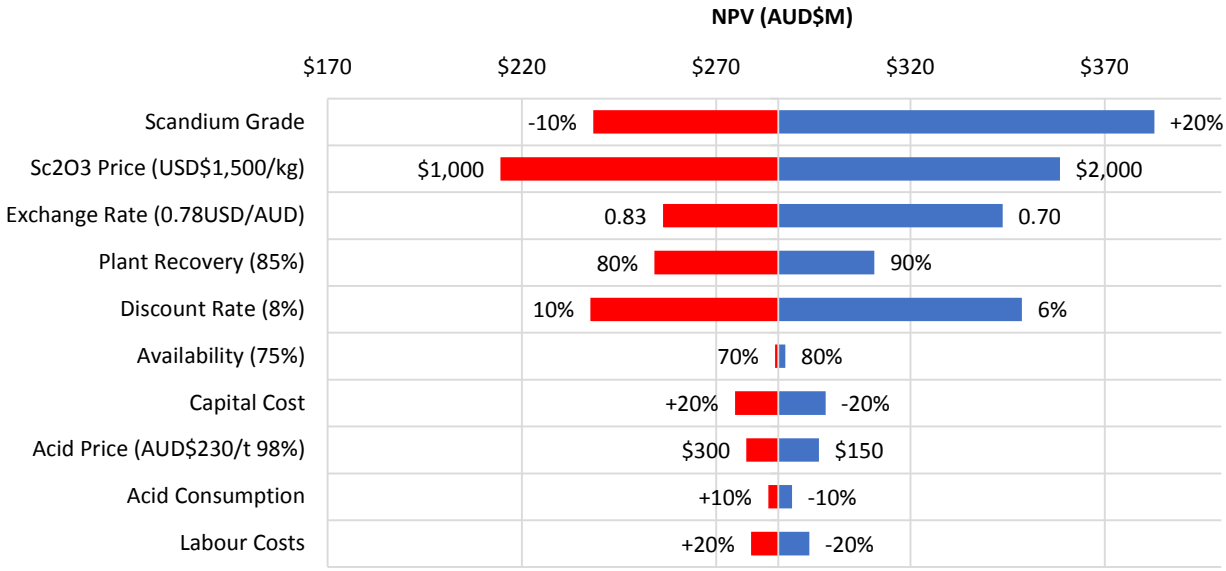

Figure 2: Syerston Project Sensitivity Analysis

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8 Environmental & Permitting

8.1 Environmental Impact Statement and Development Consent

An Environmental Impact Statement (EIS) was prepared in late 2000 by Black Range Minerals as a requirement to apply for Development Consent for the Project. Potential environmental impacts, impact assessments, mitigation measures and environmental management, rehabilitation and monitoring strategies are documented in the EIS. The Project was granted Development Consent in May 2001, with a modified Development Consent granted in 2006.

Based on a preliminary investigation and discussions with the Dept. of Planning in NSW, it is Clean TeQ's belief that if a modification is required, the process for applying for this modification would be relatively quick, as the proposed process has the same inputs and outputs, just on a smaller scale.

8.2 Water Borefields

Water investigations undertaken by previous owners determined that insufficient water was available in the project area to meet the historical requirement. The closest viable source of water was the borefield near the Lachlan River, approximately 65km south of the project area. Black Range and Ivanplats Syerston completed the EIS and Development Consent assuming establishment of this borefield.

Clean TeQ engaged Golder Associates Pty Ltd in March 2015 to determine the current status of water supply in the area. The report concluded that there were no single groundwater or township water sources currently existing and registered that could provide the required demand.

Therefore the most practical water source for the project remains the Project's established borefields. Water Bore Licenses have been granted by the NSW Office of Water, providing sufficient capacity to meet the Project's immediate water requirements, as well as any future expansions. This access to water represents a key benefit for the project. The estimated cost of the water pipeline has been included in the capital cost estimate.

9 Bulk Sample and Pilot Program

Prior to commencement of a Feasibility Study for the project, Clean TeQ is focusing on securing commitments for scandium offtake for the first stage of mine development. To enable this, Clean TeQ is currently constructing a large-scale continuous pilot plant to process Syerston material in order to produce a scandium oxide product to provide to potential customers. The first production campaign will commence in July, with samples to be available to potential customers in August. Additionally, this piloting work will represent a large portion of the testwork required for the feasibility study.

Additional metallurgical laboratory and bench scale test work is currently underway to evaluate alternative flowsheets to the HPAL route. This work is anticipated to be completed by September and will be focused on optimal processing routes for lower grade feed in the future stages of the Project's development or providing lower capital cost flow sheets for initial mine production.

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About Clean TeQ Holdings Limited (ASX: CLQ) – Based in Melbourne, Clean TeQ, using its proprietary Clean-iX® continuous ion exchange technology, is a world leader in resource recovery and industrial water treatment. Clean TeQ Metals Pty Ltd has been established as Clean TeQ's wholly owned subsidiary to build a metal recovery business through securing and developing projects which significantly benefit from Clean TeQ's unique hydrometallurgical processing capability.

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

The information in this document that relates to Mineral Resources is based on information compiled by Sharron Sylvester, who is a Registered Professional Geoscientist (10125) and Member (2512) of the Australian Institute of Geoscientists, and a full time employee of OreWin Pty Ltd. Sharron Sylvester has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Sharron Sylvester, who is a consultant to the Company, consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

Company Disclaimer

This release contains forward-looking statements. The actual results could differ materially from a conclusion, forecast or projection in the forward-looking information. Certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information.

The Syerston Scandium Project is at the Scoping Study phase and although reasonable care has been taken to ensure that the facts are accurate and/or that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results and developments of projects and the scandium market development may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. A key conclusion of the Scoping Study, which is based on forward looking statements, is that the Syerston Scandium Project is considered to have positive economic potential. Further detailed studies are required to increase the confidence in the project parameters, economics and scandium market.

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