

30 August 2024

## Appendix 4E: Clean TeQ Water Limited

### Results for Announcement to the Market

### Preliminary Final Report for the period year ended 30 June 2024

#### Details of the reporting period and the previous corresponding period

Current period:	1 July 2023 to 30 June 2024
Prior corresponding period:	1 July 2022 to 30 June 2023

Provided below are the results for announcement to the market in accordance with Australian Securities Exchange (ASX) Listing Rule 4.2A and Appendix 4E for the consolidated entity consisting of Clean TeQ Water Limited (Company) and its controlled entities.

All currencies shown in this report are Australian dollars unless otherwise indicated.

Key information	30 June 2024 \$	30 June 2023* \$	Change %
Revenue from ordinary activities	11,497,989	12,342,091	down 7%
Other income	707,739	1,232,456	down 43%
(Loss) / profit after tax from continuing operations attributable to members	(3,224,009)	(3,821,136)	Improved 16%
Net total comprehensive (loss) / profit attributable to members	(4,751,580)	(5,506,793)	Improved 14%

\*The comparative condensed consolidated statement of profit or loss and OCI has been re-presented to show the discontinued operation separately from continuing operations.

The share of profit of equity-accounted investees, net of tax, was \$1,964,712 with no such contributions in FY23.

The loss from ordinary activities in the financial year was lower than the previous year, primarily due to the discontinuation of project delivery and manufacturing activities in the China business segment.

### Details of dividends

No dividends have been declared or paid for the year ended 30 June 2024 (30 June 2023: nil).

### Investment in Associates and Joint Ventures

The Group has 50% interest in Go2Lithium Inc, a joint venture formed with Computational Geosciences Inc, a company domiciled in Canada.

	30 June 2024	30 June 2023
<b>Net tangible assets per ordinary share</b>	<b>\$</b>	<b>\$</b>
Net tangible assets	2,682,121	5,761,114
Ordinary shares	69,585,572	57,710,298
Net tangible assets per security (cents)	0.04	0.10

Further commentary on the consolidated results and outlook are set out in the Review of Operations section of the Directors' Report.

### Independent auditor's report

The Consolidated Financial Statements, upon which this Appendix 4E is based, have been audited.

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

Sign here:



Ian Knight  
Chairman

Date: 30 August 2024

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# DIRECTORS' REPORT

For the year ended 30 June 2024

The Directors present their report, together with the financial statements, for the consolidated entity consisting of Clean TeQ Water Limited (referred to hereafter as the 'Parent Entity', 'the Company' or 'Clean TeQ') and the entities it controlled (referred to hereafter as the 'Consolidated Entity' or 'Group'), listed in Note 29, for the period from 1 July 2023 to 30 June 2024 ('financial year'), and the auditor's report thereon.

## DIRECTORS

The following persons were Directors of the Company during the reporting period and up to the date of this report, unless otherwise stated:

Ian Knight (Chair)

Sam Riggall (Non-Executive Director)

Robyn McLeod (Independent Non-Executive Director)

Peter Voigt (Appointed CEO 30 August 2024. Interim CEO between 1 May 2023 until 29 August 2024. Executive Director since 1 May 2023)

## BOARD OF DIRECTORS

### Directors' Profiles

#### Ian Knight

BBus, FCA, MAICD

#### Non-Executive Chairman

Mr Knight was appointed Chairman on 1 May 2023 following his tenure as Independent Director between 28 April 2021 to 30 April 2023. Mr. Knight's experience includes presenting to and working with boards of public, private and private equity ownership, Not-for-Profits, State and Federal Governments and extensive experience in strategising and implementing mergers, acquisitions, divestments and capital raising initiatives.

Mr Knight is an experienced Director and a former Partner of KPMG, where he held the positions of Head of Mergers and Acquisitions and Head of Private Equity. Mr Knight brings strong ASX, audit, risk management and governance experience to the Board.

Mr Knight is a graduate in Business Studies and is also a Fellow of the Institute of Chartered Accountants and a member of the Institute of Company Directors.

### Board Committees

Chair of the of the Audit and Risk Committee

Chair of the Nomination and Remuneration Committee

### Other current listed company directorships

None

### Former listed company directorships in the last three years

None

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# DIRECTORS' REPORT

For the year ended 30 June 2024

## Peter Voigt

BAppSc & MAppSc

Executive Director

Appointed to the Board on 15 February 2021. Mr Voigt is also the Company's Chief Executive Officer.

Mr Voigt has a long and continuous involvement in the Clean TeQ Companies over a 30-year period, having founded the original Clean TeQ company, Clean Air TechniQ Pty Ltd in 1989, as an environmental engineering company operating in air pollution control using innovative biological processes. In 2000's, under Mr Voigt's leadership, the Company licensed innovative continuous ion exchange technology and developed the hydrometallurgy processes for nickel, cobalt and scandium along with several water treatment processes.

In 2008, Clean TeQ Holdings Limited became a public listed company (ASX: CLQ) and Mr Voigt moved to the CTO role. Under his guidance, the Company developed a suite of proprietary technologies in water treatment. In 2010, Mr Voigt moved to the position of CEO and held this position until 2014 when Clean TeQ moved to become a more metals-centric business and he moved to the CTO position. In 2014, Clean TeQ acquired the Syerston Nickel Cobalt Project, and instigated a program of works aimed at developing a battery chemical mine and refinery. The Company was renamed as Sunrise Energy Metals Limited (ASX: SRL) and reached a market value of over \$1 billion in 2019.

In 2018, Mr Voigt founded NematIQ Pty Ltd as a subsidiary to Clean TeQ and has led the development and commercialisation of a ground-breaking graphene membrane technology up until 2022.

Mr Voigt has held positions of Executive Chairman, Managing Director, Chief Executive Officer, Chief Technology Officer (CTO), and Board Member over the journey.

Mr Voigt graduated in Applied Sciences (Chemistry) and holds a Masters in Applied Science (Chemistry) from the Royal Melbourne Institute of Technology (RMIT University).

## Board Committees

None

## Other current listed company directorships

None.

## Sam Riggall

LLB (Hons), B.Com., MBA

Non-Executive Director

Appointed on 15 February 2021, Mr Riggall has spent his career in the mining industry. He has worked extensively in specialty minerals, initially as mining executive for the Rio Tinto Group's portfolio of industrial minerals businesses, and over the past decade in battery materials. Mr Riggall has also served as a Director on several public and private boards, both in Australia and overseas, and brings extensive experience on the interface between emerging technologies and raw material markets.

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## DIRECTORS' REPORT

For the year ended 30 June 2024

Mr Riggall is currently the Managing Director and CEO of Sunrise Energy Metals, and prior to that was Head of Strategy and planning at Ivanhoe Mines, where he worked actively in Central Asia, Africa and Australia.

Mr Riggall holds Law and Economics degrees from the University of Melbourne, and an MBA from Melbourne Business School. He is a Fellow of the Australian Institute of Mining and Metallurgy, was a taskforce member on the Australian Government's Modern Manufacturing Strategy on Resources Technology and Critical Minerals Processing and is a Steering Committee Member of the World Materials Forum in Europe. Mr Riggall was awarded the Honor Medal for Economic and Financial Services by the Government of Mongolia for his contribution to Mongolia's economic and social development.

### Board Committees

Member of the of the Audit and Risk Committee

Member of the Nomination and Remuneration Committee

### Other current listed company directorships

Sunrise Energy Metals Limited (ASX: SRL) from 4 June 2013

### Former listed company directorships in the last three years

None

### Robyn McLeod AM

FAICD, BA, BEd

Independent Non-Executive Director

Appointed on 8 October 2021, Ms. McLeod is a highly respected leader within the water and health sectors in Australia. Ms. McLeod currently also sits on the boards of Yarra Valley Water and Austin Health.

Ms. McLeod is a Member of the Order of Australia (AM) for her significant contribution to social welfare and governance.

Ms. McLeod's previous positions include Independent Commissioner for Water Security for South Australia, National Director of Water at KPMG, Executive Director of Major Water Projects for the Department of Sustainability and Resources in Victoria, Chief of Staff to the Victorian Minister for Energy, Resources and Ports and until recently a Non-Executive Director on the Board of Melbourne Water, VicWater and Monash Health Services.

Ms. McLeod has previously worked in higher education to industry, industrial relations, and secondary teaching. She is a Fellow of the AICD and completed the Senior Executive Fellows Program at The Kennedy School of Government, Harvard University.

### Board Committees

Member of the of the Audit and Risk Committee

Member of the Nomination and Remuneration Committee

### Other current listed company directorships

None

### Former listed company directorships in the last three years

None.

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# DIRECTORS' REPORT

For the year ended 30 June 2024

Other current directorships quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships' quoted above are directorships held in the last three years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

## Company Secretary

MAcc, FCPA, FGIA

Ms Addorisio is an experienced finance professional with 20 years' experience in senior finance roles within public and private entities across IT technology, mining, industrial and public practice sectors, including 10 years of ASX listed company secretary experience. Ms Addorisio specialises in corporate governance, secretarial support and statutory financial reporting and is the Head of Company Secretary at Vistra Australia. She has experience in IPO's, capital raisings, acquisitions, takeovers and restructures.

Ms Addorisio holds a Masters in Accounting and is a Fellow of CPA and Governance Institute of Australia.

## Skills and Experience

The Board undertakes a comprehensive review of the Board skills matrix on an annual basis, more details on this review can be found in the 2024 Corporate Governance Statement. Following the review, it was determined that the Board and Committees currently have an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic objectives. A copy of the Board skills matrix is included in Clean TeQ's 2024 Corporate Governance Statement.

## Directors' Interests

The relevant interest of each director in the share capital of the Company, as notified by the Company to the ASX in accordance with S205G (1) of the Corporations Act 2001, as at the date of this report is as follows:

Director	Number of ordinary shares	Number of options to acquire ordinary shares	Rights over ordinary shares
Mr S Riggall	1,457,777	Nil	Nil
Mr I Knight	105,921	Nil	Nil
Ms R McLeod	29,287	Nil	Nil
Mr P Voigt	1,266,339	Nil	456,367

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# DIRECTORS' REPORT

For the year ended 30 June 2024

## Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board subcommittee held during the financial year ended 30 June 2024, and the number of meetings attended by each director are tabled below:

Director	Board		Audit and Risk Committee		Nomination and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Total meetings	9		3		4	
Peter Voigt *	9	9	-	-	-	-
Sam Riggall	9	8	3	3	4	4
Ian Knight	9	9	3	3	4	4
Robyn McLeod	9	8	3	3	4	4

\*Peter Voigt attends all Committee meetings by invitation. He is not a member of these Committees.

 Chair       Member

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Attended: indicates the number of meetings attended by each director during the time the director held office or was a member of the relevant committee.

## PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the Consolidated Entity consisted of the development, provision, and delivery of solutions for water purification, mine rehabilitation and metals extraction. These solutions have been engineered to integrate sustainability with efficiency to address the global challenges related to climate change, including optimising energy efficiency, maximising water and metals recovery, and ensuring environmental discharges meet regulatory requirements.

Clean TeQ is a public company listed on the ASX, incorporated and domiciled in Australia, and with a registered office and principal place of business located at 12/21 Howleys Rd, Notting Hill Vic 3168.

Except as disclosed elsewhere in this Report, there have been no significant changes in the nature of these activities during the year.

## OPERATING AND FINANCIAL REVIEW

During the financial year ended 30 June 2024, the loss after tax for the Consolidated Entity's continuing operations amounted to \$3,224,009 (2023: loss after tax of \$3,821,136).

The Consolidated Entity's revenue and other income from continuing operations amounted to \$12,205,728 (2023: \$13,574,547) and its share of profit of equity-accounted investees, net of tax, was \$1,964,712 (2023: \$nil).

As at 30 June 2024 the Consolidated Entity had a cash and deposits position of \$2,149,431 (30 June 2023: \$4,847,887). Working capital, being current assets less current liabilities, amounted to a surplus of \$1,346,460 (30 June 2023: \$5,737,091).



# DIRECTORS' REPORT

For the year ended 30 June 2024

The Consolidated Entity's business strategy aligns with global trends in energy transition and decarbonisation and leverages the advantages of our proprietary technologies to address critical needs in water conservation, mine rehabilitation and metal extraction. Our water projects support the energy transition by optimizing water usage in energy-intensive industries, reducing the energy required for water treatment, and enhancing the efficiency of processes that are vital for renewable energy production. Similarly, our metal extraction projects focus on the sustainable recovery of essential minerals, such as lithium and copper, which are critical for the production of batteries and other renewable energy technologies.

During the financial year ended 30 June 2024, the Consolidated Entity maintained a strategic focus on the successful implementation of key water treatment projects and the expansion of regional activities to explore new revenue opportunities in key markets.

Key water and resource projects continued to advance, with the successful handover of the HIROX® plant in the Middle East to our partner for the region, the National Energy Services Reunited Corp ('NESR'), ongoing works with the Townsville Water Recycling project, and the commencement of the uranium recovery project with Heathgate Resources. Key environmental and economic improvements demonstrated in these projects include increasing the volume of usable fresh water, reducing the volume of waste that needs to be disposed of, and reducing chemical consumption during treatment. These strategic initiatives underscore the Company's commitment to driving sustainable growth by delivering better environmental and economic outcomes in the water and metals sectors. The reference sites build client confidence for potential new applications in these sectors.

During the year, substantial time, including several months of focused effort, along with extensive resources, have been expended in the expansion of Clean TeQ's footprint into Europe.

Over the past 30 years, water quality in the EU has significantly improved, largely due to EU legislation on urban wastewater treatment. However, pollution remains a persistent challenge, with new contaminants continually emerging. Addressing this pollution is crucial for safeguarding both human health and the environment. To achieve its target of a zero-pollution environment by 2050, the EU is revising its urban wastewater treatment regulations, which were originally established in 1991. Key pollutants include nitrogen, phosphorus, organic materials, and micropollutants.

This has opened the opportunity for us to demonstrate the efficacy of our range of CLEAN-IX® ion exchange processes. Demonstrations have been run and successfully achieved the client's requirements in our own laboratories. These are now scaled up to run in key strategic geographies including Ireland, Belgium and mainland Europe with major industrial companies. Clean TeQ is working closely with these companies to convert the on-site demonstrations to contracts for the provision of design, construction and full delivery of the technology.

Clean TeQ's 50% ownership stake in Go2Lithium Inc. (G2L) plays a crucial role in advancing its position in the lithium battery market. This partnership provides Clean TeQ with valuable access to developments in lithium production, particularly through the integration of its proprietary continuous Direct Lithium Extraction (cDLE®) technology. Brines will be required to meet the lithium demand curve by 2030, and the location of the brines is geopolitically important. North American brines are a particularly attractive target for direct lithium extraction, and G2L's local presence in Canada makes it easier to pursue potential customers. G2L is a joint venture with an Ivanhoe Electric Inc subsidiary, Computational Geosciences Inc., dedicated to lithium-focused endeavours and integrating our proprietary continuous Direct Lithium Extraction (cDLE®) technology.

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## DIRECTORS' REPORT

For the year ended 30 June 2024

Go2Lithium has an earn-in agreement with LithiumBank, where it can earn up to 26% equity share in LithiumBank Resources by meeting agreed milestones. Initial laboratory trials with our proprietary cDLE® technology proved so successful that LithiumBank decided to incorporate them into a revised Preliminary Economic Assessment (PEA). The LithiumBank Resources update showed an impressive 39% and 16% increase in the Net Present Value (NPV) and Internal Rate of Return (IRR) for the project.

The cDLE® pilot plant has been constructed and shipped to LithiumBank's site in Calgary where it has undergone cold commissioning. The plant is now ready to accept lithium brines from the Boardwalk brine reservoirs and will extract and concentrate the contained lithium for processing into a battery grade product. This progress brings Clean TeQ closer to the next milestone with LithiumBank, with additional equity released to G2L once the pilot plant has operated continuously for 100 hours.

Tailings management is becoming a critical issue for all mining companies with wet tailings storage facilities. The investment made in ATA® technology is becoming very relevant to the mining sector as it offers solutions to these challenges, providing positive outcomes in terms of water recycling and the ability to safely dry stack tailings.

Clean TeQ acquired the ATA® technology in 2023 from Soan Laboratories. Since acquiring the technology over ten (10) laboratory demonstrations of the dewatering and ability to produce a filtered stack has been achieved. Three (3) of these laboratory demonstrations are now in the process of being extended to field demonstration works. Tailings from gold, iron ore, and mineral sands mining were tested and exhibited rapid dewatering under gravity and production of filtered materials with dry stacking properties. ATA® technology produces process water that can then be a feed source for our water treatment and metal recovery technologies and offers a large market for future growth as over 19 billion tonnes of tailings is being produced annually.

An active research and development program remains underway, aiming to expand our intellectual property portfolio and utilise complementary technologies to enhance the Consolidated Entity's product offering in water treatment and metal recovery.

### Projects

The Consolidated Entity's projects focus on advancing our technologies globally in key markets impacted by climate change and the energy transition, while also creating value for shareholders. The solutions to these problems rely heavily on fresh water and critical metal resources such as lithium and uranium. Clean TeQ's solutions address metal recovery challenges such as the provision of essential metals with its Heathgate uranium project and LithiumBank lithium project and water scarcity as addressed by HIROX® technology in the Middle East, which have as freshwater scarcity issues become a more important environmental driver to the fossil fuel producers. The current projects showcase Clean TeQ's capabilities and will enable the Company to overcome the "innovation risk" hurdle and deploy our solutions in these market segments and geographies.

#### **Townsville City Council Project – Cleveland Bay Purification Plant (Queensland, Australia)**

In November 2022, the Company entered a significant contract valued at around \$10 million with civil engineering partner, A. Gabrielli Construction. The contract's objective is to construct and deliver a state-of-the-art Recycled Water Treatment Facility with a capacity of 15 megalitres per day at the Cleveland Bay Purification Plant. The project is an integral part of a larger agreement aimed at providing water treatment and distribution services for the Townsville City Council.

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## DIRECTORS' REPORT

For the year ended 30 June 2024

Under the contract, the head contractor, AGC, is responsible for the integrated design and construction of the Recycled Water Treatment Facility ('RWTF') at Cleveland Bay Purification Plant, including all civil and infrastructure works. Clean TeQ is responsible for the design and construction of the specified water treatment process and equipment. The objective is to produce Class A water suitable for industrial process reuse and irrigation.

The value of this work to Consolidated Entity is around A\$10 million and includes a provision to increase the capacity of the plant to 20 megalitres per day ('MLD') and to upgrade the treatment technology to reach a higher quality of water for industrial reuse.

This project has now successfully transitioned to the testing and commissioning stage with completion of construction expected in Q1 FY25. The project has remained within budget despite some minor delays due to the electrical connection to the site by external parties. Clean TeQ continues collaborate with the project partners to expedite the process and ensure the project remains on track for completion.

### **Heathgate Resources Uranium Project (South Australia, Australia)**

In September 2023, the Consolidated Entity was awarded a contract, valued at around \$5.6 million, by Heathgate Resources ('Heathgate') for the design, supply, project management, and commissioning of a CLEAN-IX® U-Column uranium processing system for their processing plant in South Australia.

Substantial progress has been made thanks to careful planning, hard work, and close collaboration with our partners. The Company successfully completed hydrostatic testing of the ion exchange columns, which have been shipped to the site in South Australia. The majority of items for the plant have now been procured and shipped, with the installation phase expected to begin shortly.

This progress underscores our commitment to delivering high-quality solutions and reinforces our position as a technology provider for the uranium industry. Clean TeQ's continuous ion exchange technology, featuring the innovative U-shaped column design, enhances uranium eluate grade while simultaneously reducing water usage and optimising operational efficiency.

### **NESR HIROX® Project (Iraq, Middle East)**

In August 2021, the Consolidated Entity was awarded a contract, valued at approximately A\$3 million, to undertake the design, procurement, delivery, and installation of a HIROX® (High Recovery Reverse Osmosis) plant. The purpose of this plant is to treat bore water and improve water recovery utilized for enhanced oil recovery in the Middle East, a process that traditionally had lower water recovery rates in an area where water scarcity is considered a challenge.

In December 2023, the project achieved Practical Completion, marking a milestone in Clean TeQ Water's HIROX® technology implementation for groundwater treatment in the Middle East. This signifies the first commercial completion of a HIROX® plant in the region, underlining its potential for future revenue streams through the Distribution Agreement with NESR.

HIROX® technology, with demonstrated performance, offers high water recovery rates exceeding 80%, significantly enhancing water reuse compared to conventional reverse osmosis (RO) systems, which typically achieve only 35% recovery. The brine produced by HIROX® is utilized for regeneration, increasing the overall water recovery to over 90%. This water reuse efficiency is crucial for industries such as oil and gas and agriculture in the face of increased freshwater scarcity.

## DIRECTORS' REPORT

For the year ended 30 June 2024

The successful establishment of the first HIROX® plant serves as a key reference site, highlighting its superior water recovery and carbon dioxide savings in removing the transportation in replacing imported salt and ESG benefits such as such as reducing the environmental impact by lowering greenhouse gas emissions, promoting sustainable water use, and supporting local communities by providing safer, more efficient water treatment solutions. NESR can now explore opportunities to introduce this technology to interested customers.

The Company continues to provide support for the operation of the plant which is managed by local staff.

### **Ordos BIONEX™ Nitrate Removal Project (Inner Mongolia, China)**

During the financial reporting period, the installation of the BIONEX™ nitrate removal plant in Inner Mongolia, China, has been completed, and commissioning is in its final stages. This BIONEX™ plant is the first of its kind in China and serves as a demonstration site for other prospective customers. The market for BIONEX™ nitrate removal technology is vast, encompassing the treatment of effluents from mining, industrial processes, and municipal water treatment facilities located in ecologically sensitive areas.

### **Nyrstar DESALX® (Belgium)**

Regulatory changes to sulphate discharge levels in Europe, has seen our DESALX® technology provide a solution for the reduction in sulphate.

Following successful laboratory trials conducted onsite at Nyrstar's zinc processing plant in Europe, Clean TeQ has been commissioned to run an automated pilot to confirm the longer-term efficacy of the DESALX® technology for treating sulphate and selenium for discharge. The automated pilot plant can treat 1000 litres of wastewater per day and will confirm the quality of the treated water quality and gypsum by-product. Clean TeQ transported the DESALX® pilot plant in Belgium and it is currently in the final stages of commissioning.

### **ENVA – PHOSPHIX® for Pharmaceutical Industry (Ireland)**

With the regulatory changes to phosphate discharge levels in Europe, our PHOSPHIX® technology provides an economic and environmentally sustainable solution to the reduction and recycling where appropriate of phosphate. The PHOSPHIX® pilot plant located in Ireland has progressed through several stages of evaluation in collaboration with our European partner, ENVA, and we are now entering preliminary engineering for a commercial scale plant.

### **Laramba Water Treatment Plant (Northern Territory, Australia)**

The Laramba water treatment plant continues to successfully remove uranium to below the Australian Drinking Water Guidelines health value. During the financial reporting period, the plant received the Australian Water Association's Infrastructure Project Innovation Award (Regional) at both the State and National levels. Power and Water Corporation, Clean TeQ's client for the project, won the Northern Territory Government's Chief Minister's Award for Making the Northern Territory a better place to live. This recognition underscores the project's significant contribution to improving public health and enhancing the quality of life for the Laramba community.

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# DIRECTORS' REPORT

For the year ended 30 June 2024

## Go2Lithium – LithiumBank cDLE®

During the reporting period, the Consolidated Entity's joint venture company, Go2Lithium, reached significant milestones in its operations. One notable achievement was the finalisation of construction and commissioning of the cDLE® pilot plant at its Hallam facility, before its subsequent shipment to LithiumBank's Calgary test site. This fully automatic cDLE® plant has the capacity to process up to 10,000 litres per day of brine and comprises sorption, desorption, and chemical makeup circuits. Through a selective extraction process, lithium is extracted from the feed brine by the sorbent and then stripped using a weak acid, resulting in a concentrated lithium eluate.

LithiumBank officially opened its Calgary indoor DLE pilot facility on schedule 10 July 2024, with Alberta's Energy Minister, Brian Jean, participating in the opening ceremony. The opening marks a milestone in the LithiumBank's effort to unlock Alberta's substantial lithium resources. The results of this pilot plant testing are anticipated to contribute to the feasibility phase of LithiumBank's development plans, as they advance toward commercial development.

The Consolidated Entity has provided licenses and the pilot plant to its 50%-owned Go2Lithium JV for utilization by its 100%-owned subsidiary, G2L Greenview Resources Inc., to prove up Direct Lithium Extraction (DLE) technology for LithiumBank's Alberta assets. Presently, Clean TeQ owns indirectly 2,000,000 shares in LithiumBank (TSX.V: LBNK) through its ownership in Go2Lithium Inc., with an eventual ownership of up to 7,000,000 shares upon the satisfaction of all phases of the Technical License Agreement.

## ATA® Rapid Dewatering Technology

Mining produces 13 billion tonnes of toxic tailings annually, typically stored in tailings storage facilities (TSF). Since 2000, the severity and frequency of failures have risen due to increased mine waste from larger, lower-grade deposits. Economically efficient and environmentally sound tailings rehabilitation is a recognised priority for the mining industry, as companies increasingly emphasise sustainable metal production, reducing legacy issues and improving social licence to operate.

Clean TeQ's ATA® technology represents an important strategic step in its targeted expansion into the global mine tailings rehabilitation and metal recovery industry. Traditionally, tailings have been stored in wet tailings storage facilities. These facilities have proven to be high risk in many situations. The solution to the problem is to dewater the tailings using filtration methods. The fine particle size of the tailings means that the capital costs and energy needed to filter is substantial. ATA® technology effectively increase the size and filterability of the tailings and this changes the filtering characteristic of the tailings. The overall cost of this approach is in the order of \$3 - 5 per dry tonne. As ATA® is a chemically based approach, capital is minimised and in the correct application, operational costs of the chemicals and technology licence are around \$1 per dry tonne. ATA® provides a secure and low-cost mine tailings treatment process by rapidly separating water and solids to produce stackable dry tailings and recycled water.

An active program of works is underway to introduce ATA® Dewatering technology to the global mining market and trials are being conducted in Australia and South Africa. During the reporting period, Clean TeQ completed paid laboratory trials of ATA® technology for rapid dewatering of iron ore tailings with global miner, Anglo American and began test work on the Prominent Hill tailings as a part of BHP's

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## DIRECTORS' REPORT

For the year ended 30 June 2024

Think and Act Differently ('TAD') Innovation program. These programs are an essential step in introducing this technology to the mining industry.

### NematiQ

NematiQ (a 100% owned subsidiary of Clean TeQ Water) is focused on the manufacturing of the use of Graphene Membranes for water treatment and industrial separations. Graphene Membrane hyperfiltration technology is a new innovation in the membrane filtration world. The Graphene Membrane removes organic contaminants under low pressure without rejecting salts, resulting in lower energy consumption and less fouling than conventional nanofiltration and reverse osmosis.

NematiQ has developed and patented Graphene Membrane technology that addresses numerous challenges in the water filtration market. The technology, which we have termed "hyperfiltration", sits between nanofiltration and ultrafiltration, offering molecular sieving properties without salt rejection. Its unique features, including fouling resistance, enable it to outperform conventional membrane technology in this specialized area.

In applications such as drinking water treatment, the Graphene Membrane has shown great success in trials for removing naturally occurring organic matter (NOM) without removing beneficial salts. This leads to lower energy use, higher water recovery, and more environmentally friendly by-product disposal routes.

The Company is now moving toward commercialisation by exploring partnering agreements with leading companies in the membrane and filtration industry or forming joint ventures with companies that have complementary technologies to expand market reach and product offerings.

### Corporate

On 29 April 2024 the Company announced it had received commitments for approximately \$2 million from institutional, sophisticated and professional investors to raise approximately \$2 million (before costs) under a placement ('Placement') of new fully paid ordinary shares in the capital of the Company ('New Shares') at an issue price of A\$0.31 per New Share ('Placement Price').

Additionally, the Company announced the execution of a non-binding and conditional Term Sheet for a \$2.0 million senior secured loan facility from Causeway Asset Management Ltd ('Loan Facility'). The Loan Facility was subject to due diligence and definitive legally binding documentation, which was completed on 30 July 2024.

On 29 April 2024 the Company also announced it was conducting a Share Purchase Plan ('SPP'). The SPP offered each Eligible Shareholder an opportunity to purchase up to \$30,000 of New Shares at the Placement Price and representing a 18.41% discount to the 5-day VWAP on Tuesday 16 April 2024.

In addition, participants in the Placement and the SPP were entitled to receive one (1) option for every three (3) shares subscribed for, exercisable at \$0.45 each and expiring 30 April 2026 ('New Options').

On 16 May 2024 the Company announced the opening of the SPP. The SPP offer was closed on 21 June 2024. The Company received applications for 1,961,569 New Shares and 653,831 New Options, which were accepted in full and issued on 18 July 2024.

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## DIRECTORS' REPORT

### For the year ended 30 June 2024

The Company issued 4,466,901 Placement Shares to professional and sophisticated investors on 6 and 7 May 2024 at \$0.31 each which raised approximately \$1,385,000.

The net proceeds from the Placement, Loan Facility and SPP will be used to execute Clean TeQ's strategy by completing:

- the evaluation and test work associated with the potential acquisition of lithium brine assets;
- an additional pilot plant facility for demonstration of the attributes of the cDLE® process in targeted lithium brine assets;
- pilot plant facilities for the demonstration of ATA® rapid dewatering and dry-stacking technology to replace wet tailings storage for mining companies; and
- for working capital.

On 29 September 2023 Soane Labs LLC ('Soane') was issued 7,178,033 fully paid ordinary shares in the Company ('Consideration Shares') valued at \$0.4179 per share (\$3M). The Consideration Shares have been placed in voluntary escrow for 12 months, as per a Restriction Agreement signed between the Company and Soane.

The share price was determined by using the volume weighted average price of the Company's shares for the 10 trading Days' immediately preceding the date on which the Purchase Agreement was signed. Accordingly, 7,178,033 Consideration Shares were issued and maintained on the Company's Issuer Sponsored Sub-register.

On 30 August 2024 Peter Voigt was appointed CEO. Peter Voigt held the position of Interim CEO up until that date. He also holds the position of Executive Director.

### Significant changes in the state of affairs

On 18 December 2023, the Consolidated Entity executed a technology license agreement granting exclusive rights to exploit the Group's technologies in the China region, along with a factory management and off-take agreement with its largest customer in China. As part of the agreement, the Consolidated Entity received a license fee totalling \$400K and will be entitled to an annual 4% royalty on any future sales derived from the technology. Consequently, the Group has made the strategic decision to discontinue its project delivery and manufacturing activities in its China business segment. Moving forward, the Consolidated Entity anticipates potential revenue streams from royalties, technical services, and cost recoveries.

### Matters subsequent to the end of the financial year

On 19 July 2024, the Company announced the successful completion of the Company's SPP, as announced on 29 April 2024. The SPP raised \$608,100. The Company received applications for 1,961,569 New Shares and 637,703<sup>1</sup> New Options, which were accepted in full and issued on 18 July 2024. The Company also issued 1,488,957 New Options to existing investors under the Placement Tranche 1.

On 29 July 2024, the Company announced it had received \$200,000 as part of the Tranche 2 Placement. 642,162 fully paid ordinary shares and 215,054 New Options were issued under this tranche. The capital raising has now closed.

<sup>1</sup> This number excludes the New Options proposed to be issued to participating directors in the SPP, which remain subject to shareholder approval.

# DIRECTORS' REPORT

For the year ended 30 June 2024

On 30 July 2024, the Company announced that it had entered into a term loan funding agreement with Amal Security Services Pty Limited (as trustee for Causeway Wholesale Private Debt Master Fund) ('Causeway') for a debt financing facility ('Term Loan Facility') of up to \$2 million.

The Term Loan Facility consists of a Senior Secured Debt Facility of \$2 million. The initial loan term is 2 years, with an option for Clean TeQ to extend the Term Loan Facility for a further 12 months.

The intention to utilise a debt financing facility was announced as part of the total funding package on 29 April 2024 and follows the completion of a share purchase plan (SPP).

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

## Outlook

The outlook for the Consolidated Entity in FY25 is optimistic and is expected to be driven by several strategic developments and important ongoing projects.

- The development and trialling work on the water projects in Europe are expected to move to commercial contracts during the year. While the timing of contracts is unknown, indications are that they will need to be commenced in FY25 to meet the regulatory deadlines. (EPRS\_BRI (2023)739370\_EN PDF ([www.europarl.europa.eu](http://www.europarl.europa.eu)))
- A focused sales and marketing approach to mining sectors' issues in water and critical metals is expected to result in our first projects involving tailings reprocessing and water recycling.
- Demonstrated results of work completed in South Africa and South America are also expected to result in commercial projects for the application of our ATA® rapid dewatering technology for tailings. These projects provide an annuity income stream through ongoing chemical sales and licencing.
- The successful commissioning and operation of the cDLE® (continuous Direct Lithium Extraction) pilot plant at the LithiumBank facility in Calgary, Canada, is expected to trigger the grant of Tranche 2 equity.
- The lithium JV, Go2Lithium, will expand its customer base to other regions where lithium offers a strategic advantage to the country. While the lithium price is currently depressed this does not alleviate the chronic demand supply gap that becomes critical post-2028. Companies wishing to be in a production position by that date must start their development phase in FY25.
- NematiQ has completed all aspects of its development phase. Manufacturing partnerships and licencing models will now be pursued.

While the outlook is positive, it is important to note the potential challenges, such as the complexities of scaling new technologies and the competitive landscape in water treatment and resource recovery sectors.

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# DIRECTORS' REPORT

For the year ended 30 June 2024

Overall, the Consolidated Entity is positioned for growth in FY25, with strong project pipelines, technological advancements, and global market expansion efforts likely to play a crucial role in their success

## Environmental regulation

The Consolidated Group's operations are subject to some environmental regulations, particularly with regard to the storage of chemicals and waste management. The Consolidated Group has adequate systems in place for the management of its environmental requirements. For the financial year ended 30 June 2024 and as at the date of this report, the Directors are not aware of any breaches of the environmental regulations.

## Material Business Risks

The Consolidated Entity recognises the material business risks that are relevant to its activities and takes appropriate actions to manage those risks. The Board is responsible for overseeing and approving the Company's risk management framework (for both financial and non-financial risks) including its strategy, plans policies, procedures and systems and adopting and approving a risk appetite statement within which the Board expects management to operate. The Group regularly reviews its risks and their mitigation strategies, so that it can support the delivery of its purpose and strategy and respond to challenges faced by the Group's businesses and related industries. The Company's management is responsible for establishing the Company's risk management framework, including identifying major risk areas and developing the Company's policies and procedures, which are designed effectively to identify, treat, monitor, report and manage key business risks.

The Risk Management Framework is reviewed annually and is updated as the Company's asset portfolio and business environment evolve and the underlying risks change. Additionally, the company keeps a Risk Register that is reviewed on an annual basis by the Audit and Risk Committee (ARC), while risks categorized as Top Risks undergo quarterly assessments. The Risk Register seeks to ensure that risk management is embedded throughout the business and managed in a structured and systematic manner and is evaluated and updated as the Company's business model evolves and underlying risks change.

The ARC convenes at least 4 times annually to review the Risk Register, receives updates and feedback from Management on the identification of risks and the progress/effectiveness of risk mitigation strategies.

The following is a summary of the key continuing material risks facing the business and the way in which Clean TeQ Water manages these risks. The risks do not represent an exhaustive list of the risks the Consolidated Entity is exposed to, nor are they in order of significance.

- **Operational Risk** – risks such as safety, recruitment and retention of high calibre employees, inadequate innovation and new product development, customer credit non-payment, interest rate increases, foreign exchange fluctuations, tax implications, the purchase of inappropriate raw material are all managed through the Group's risk management framework which through continuous review and monitoring by the executive lead team. Clean TeQ has a range of controls and strategies to manage such risks, including crisis management plans, inspection and maintenance procedures, compliance programs, training, and systems security testing and improvements.
- **Culture and People Risk** – The Company maintains an ongoing assessment of the remuneration policies and practices through benchmarking, rewards and training, including promoting diversity, with the aim of being a competitive and attractive employer. Clean TeQ Water encourages time for

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## DIRECTORS' REPORT

For the year ended 30 June 2024

graduates, interns and product engineers to focus on their career development. Clean TeQ Water utilises multiple recruitment channels to attract the right employee and where appropriate uses staff augmentation services to enhance and expand capabilities at short notice.

- **Liquidity, Interest Rate, and Credit Risk** – The Consolidated Entity's activities expose it to a variety of financial risks such as interest rates, credit, and liquidity. This risk includes examples such as the ability to collect trade receivables from customers, increases in interest rates and the ability to meet its financial obligations including its debt obligations, among other examples. These risks can adversely affect the Company's ability to operate profitably or as a going concern. The Company's overall Risk Management Framework focuses on each of these risks and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of cash flow forecasts, interest rates, pricing risks and accounts receivable aging analysis for credit risk. Risk management assessment is carried out by the management team under policies approved by the ARC and the Board. The finance department reports to the Board on a monthly basis.
- **Environmental Risk (including climate change)** – Clean TeQ acknowledges the potential risks associated with climate change, which can impact both the company and its clients. As climate change leads to increased weather extremes and resource variability, our portfolio of solutions is strategically developed to address these challenges. The Company continues to monitor and review future impacts as new information and data becomes available. This informs the Consolidated Entity's approach as it develops its water asset portfolio. We expect the water market to continue to adjust as market participants consider these impacts and position for future change. The Board is conscious of its approach in seeking to build a sustainable business and monitors these evolving risks and challenges through its risk assessment framework.
- **Community/Social Risk** – The Consolidated Entity is exposed to social risks as a result of the many stakeholders who are involved in its operations including but not limited to employees, contractors, local communities, government agencies (local, state and federal) as well as customers and suppliers. The Consolidated Entity is subject to reputational damage as well as potential claims for damages as a result of any harm or loss sustained by any stakeholder as a result of the operations of the Consolidated Entity and its representatives. The Consolidated Entity seeks to manage and minimise this risk through understanding and establishing a chain of command that respects the Company's core values, engaging with the different stakeholders, including employees and cultivating a culture that fosters dialogue. Additionally, the Consolidated Entity identifies emerging issues and trends which may pose risk to the Company and develop alternative strategies to manage uncertainty and change.
- **Project Execution & Delivery Risk** – Timely and within-budget project delivery is crucial. To mitigate these risks, the Group focuses on well-defined project definitions, optimised resource allocation, proactive issue identification through effective monitoring, automation of controls, collaboration, and rigorous project validation processes. Counterparty risk reviews are also conducted on all material contracts both for customers and suppliers. Additionally, Clean TeQ engages in negotiations to secure favourable payment terms and evaluates the credit risk of counterparties to efficiently manage cash flow.
- **Design, Engineering & Quality of Equipment Risk**– Clean TeQ designs and engineers water and wastewater treatment equipment and systems for the global market. This presents the risk of delivering equipment that does not meet customer specifications or regulatory compliance standards. A core strength of the Company is that it employs a large staff of highly specialized engineers that have significant experience in designing and installing water treatment equipment and systems in various jurisdictions. Many of the Group's senior engineering and technical employees have been with the Company for a number of years and

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## DIRECTORS' REPORT

For the year ended 30 June 2024

have significant experience with Clean TeQ Water's products and technologies. Clean TeQ also provides a standard 1-year warranty and the Company and its service staff will address deficiencies after installation and commissioning. The Consolidated Entity maintains insurance coverage that is sufficient to cover the risks associated with delivering water treatment equipment and services.

- **Cost Controls, Inflation, & Supply Chain Constraints Risk** — Rising input costs and supply chain constraints experienced over the past few years have the potential to reduce profit margins where those costs cannot be recovered from customers and project delays. Significant input costs include labour, components and materials, and freight. Clean TeQ has the ability to recover costs through price increases incorporated into project bids, which usually have a limited time to be accepted before the Company has the right to increase costs. The Company sources components and equipment from multiple suppliers and vendors, allowing us to get the most competitive pricing on various input components. Service contracts such as Operations and Maintenance contracts have annual escalators typically linked to inflation.
- **Regulatory and Compliance Risk** – Clean TeQ has a global footprint and operates in numerous countries around the world. The Company is an ASX listed entity and must comply with a range of governance requirements which are conditions of its listing requirements. New or evolving regulations and international standards are outside the Company's control and are often complex and difficult to predict. The potential development of international opportunities can be jeopardised by changes to fiscal or regulatory regimes, adverse changes to tax laws, difficulties in interpreting or complying with local laws, material differences in sustainability standards and practices, or changes to existing political, judicial or administrative policies and changing community expectations. Navigating evolving regulations and international standards can be complex and unpredictable. Changes in fiscal or regulatory regimes, tax laws, and community expectations may impact international opportunities. To manage and minimise these risks, the Consolidated Entity relies on regularly reviewed Board- approved governance policies.
- **Bribery and Corruption Risk** – Clean TeQ's business activities and operations are located in jurisdictions with varying degrees of political and judicial stability, including some countries with a relatively high inherent risk with regards to bribery and corruption. This exposes Clean TeQ to the risk of unauthorised payments or offers of payments to or by employees, agents or distributors that could be in violation of applicable anti-corruption laws. Clean TeQ has a clear Anti-bribery and Corruption Policy which is reviewed and approved by the Board, and internal controls and procedures to protect against such risks. Although there is no assurance that such controls, policies, procedures or programmes will protect Clean TeQ Water from potentially improper or criminal acts, the Company takes any breach to its policies seriously, which may result in disciplinary action, including immediate termination of employment or engagement with the Company.
- **Information Technology and Cyber Security Risk** – We accept that our business is exposed to cyber breach, across our IT architecture (on premises and in cloud). We have cybersecurity policies and protocols that identify controls and governance in place to manage these risks. Clean TeQ has engaged third party outsourced expertise to protect its information technology systems and data from cyber security threats and general operational outages. Additional mandatory staff awareness and training module and periodic risk reviews of our risk register has been undertaken on sound cyber security practices. The Consolidated Entity holds a Cyber Insurance Policy that provides coverage in the event of a cyber-attack/breach.
- **Intellectual Property Risk** – Clean TeQ's core business is to create value through technology, and one of Clean TeQ's most significant assets is its intellectual property rights in products which it has developed. Clean TeQ relies on a combination of intellectual property laws, confidentiality

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## DIRECTORS' REPORT

For the year ended 30 June 2024

procedures and contractual provisions to protect these assets. Clean TeQ has patent coverage on many aspects of its technology and owns certain trademarks in its business however, those protections can expire and not be replaced on the same terms. Any successful replication of similar technology or intellectual property by other could reduce Clean TeQ's competitive position. The Consolidated Entity implements several mitigation strategies including ensuring systems and controls are in place to minimise the risk of IP theft, employee and other contracts contain appropriate wording with regard to IP protection and working with patent attorneys who provide advice.

- **Competition Risk** – Clean TeQ is not unique in developing and marketing many of its products and services. Clean TeQ's ability to enter into contracts for the supply of products and services at profitable prices may be adversely affected by the introduction of new suppliers and any increase in competition in the global water technology market either of which could increase the global supply of these services/products and thereby potentially lower prices. Clean TeQ is well placed to leverage its regional experience and insight, and its international footprint and scale, to deliver new ideas and value propositions to customers to gain competitive advantage. Clean TeQ has strong engagement and builds relationships with its customers, continuously focusing on quality and innovation using technology.
- **Go2Lithium JV - Lithium** – Clean TeQ can make no representation that the technologies from the partners in in the G2L JV will be successful in reliably extracting economically viable quantities of lithium from brine resources that the technologies are applied to nor that Clean TeQ Water or the JV will be successful in attracting funding for the scale-up, and in securing access to specific brine resources. Clean TeQ can make no guarantee that the licensed technology to LithiumBank will be used for the Boardwalk Brine Project in line with the milestone agreement and be issued with further tranches, representing 10,000,000 shares, in LithiumBank.
- **Loss making and future capital requirements** – Clean TeQ reported a loss from continuing operations of \$3.2m for the year ended 30 June 2024. Clean TeQ's continued ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds for future growth opportunities. Clean TeQ may require further financing in the future to progress other projects and existing operations of the Group. Any additional equity financing will likely be dilutive to shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants that limit the Consolidated Entity's operations and business strategy.

### Dividends

There were no dividends paid or declared during the current or previous financial year.

### Corporate Governance Statement

The Company's 2024 Corporate Governance Statement was released to the ASX on 30 August 2024 and is available at [www.cleanteqwater.com](http://www.cleanteqwater.com).

### Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company and its controlled entities for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Consolidated Entity paid premia in respect of contracts to insure the directors and executives of the Company and its controlled entities against a liability to the extent permitted by the *Corporations Act 2001*.

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## DIRECTORS' REPORT

For the year ended 30 June 2024

### Indemnity and insurance of auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 25 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and,
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of Company for all or part of those proceedings.

### Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191 (Rounding in Financial/Director's Reports), issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest dollar.

## DIRECTORS' REPORT

For the year ended 30 June 2024

### Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 34 and forms part of the Directors' Report for the financial year ended 30 June 2024.

### Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



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Ian Knight  
Chairman

30 August 2024  
Melbourne

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# REMUNERATION REPORT (AUDITED)

## For the year ended 30 June 2024

This Remuneration Report for the financial year ended 30 June 2024 outlines the remuneration arrangements of the Consolidated Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3c) of the Act.

The report is presented under the following sections:

1. Remuneration Report Overview
2. Key Management Personnel
3. Executive Remuneration Governance and Arrangements
  - 3.1 Fixed Remuneration
  - 3.2 Performance-linked Remuneration
    - 3.2.1 Short-term Incentive (STI)
    - 3.2.2 Long-term Incentive (LTI)
4. Performance and Executive Remuneration Outcomes
  - 4.1 LTI Performance Outcomes
  - 4.2 STI Performance Outcomes
5. Key Management Personnel Agreements
6. Non-Executive Director Remuneration
7. Statutory Remuneration Disclosures
8. Additional Disclosures Relating to Options, Rights and Shares

### 1 Remuneration report overview

The Directors of Clean TeQ Water Limited present this Remuneration Report, which has been audited, for the financial year ended 30 June 2024.

The Remuneration Report has been prepared in accordance with the requirements of the Corporations Act 2001.

### 2 Key Management personnel

The Remuneration Report provides information about the remuneration arrangements for the Key Management Personnel (KMPs) who are those persons having authority for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any Director (whether executive or otherwise) of the company.

#### Key Management Personnel

##### Non-executive Directors

Ian Knight	Chairman	Full year
Sam Riggall	Non-executive Director	Full year
Robyn McLeod	Independent Non-executive Director	Full year

##### Executives

Peter Voigt <sup>1</sup>	Chief Executive Officer	Full year
Magda Klapakis	Chief Financial Officer	Full year

<sup>1</sup> Peter Voigt appointed CEO on 30 August 2024. Mr Voigt held the position of Interim CEO until that time.

There were no other employees in the Consolidated Entity that met the definition of KMP in accordance with the Corporations Act 2001 or Australian Accounting Standards.

# REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

## 3 Executive Remuneration Governance and Arrangements

The Board of Directors is responsible for approving the compensation arrangements for the directors and KMP following recommendations received from the Nomination and Remuneration Committee (NRC). The Board, in conjunction with the NRC, regularly assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Compensation levels are set to attract and retain appropriately qualified and experienced directors and executives. As and when required the NRC has access to independent advice on the appropriateness of compensation packages given trends in comparative companies and the objectives of the compensation strategy.

Non-executive director remuneration consists of fixed directors' fees only. KMP remuneration is structured to consist of fixed and variable remuneration. The KMP compensation structures explained below are designed to reward the achievement of strategic objectives, align performance with shareholder interests and create the broader outcome of creating value for shareholders.

The compensation structures take into account:

- the capability and experience of a KMP;
- a KMP's ability to control the relevant business unit's performance;
- prevailing market compensation standards;
- the Consolidated Entity's performance including:
  - (i) the Company's market capitalisation;
  - (ii) the Consolidated Entity's earnings; and,
  - (iii) the growth in share price and achievement of shareholder returns.

KMP remuneration and incentive policies and practices are performance based and aligned to the Consolidated Entity's vision, values and overall business objectives. They are designed to motivate KMP to pursue the Consolidated Entity's long-term growth and success. Compensation packages include a mix of fixed and variable compensation and short and long-term performance-based incentives.

In addition to salaries, the Consolidated Entity may also provide non-cash benefits to its directors and KMP and contributes to post-employment superannuation plans on their behalf.

### 3.1 Fixed remuneration

Total Fixed Remuneration ('TFR') consists of base compensation (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits), as well as leave entitlements and employer contributions to superannuation funds.

Compensation levels are reviewed at least annually by the NRC to ensure they remain competitive in the market for which the Consolidated Entity seeks executives. In setting the TFR, the Board has regard for the size and complexity of the position, the skills and experience required for success and individual qualifications.

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# REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

## 3.2 Performance-linked remuneration

Clean TeQ Water's approach to remuneration is to ensure that remuneration received by KMP is closely linked to the Consolidated Entity's performance and the returns generated for shareholders. Performance-linked compensation, as outlined in the Consolidated Entity's Employee Incentive Plan ('EIP'), includes both short-term and long-term incentives, and is designed to incentivise and reward employees for meeting or exceeding Company-wide and individual objectives. The short-term incentive ('STI') is an "at risk" bonus provided in the form of cash and/or shares, while the long-term incentive ('LTI') is provided as options and Performance Rights over ordinary shares of the Company. The STI and LTI plans provide for the Board to be able to exercise discretion on the award of cash bonuses, shares, options and Performance Rights.

Within the established remuneration framework, each employee is assigned a level which reflects the seniority and responsibility associated with their role. This level determines an employee's participation in the STI and LTI, and therefore, the proportion of their total remuneration which is linked to performance. Senior executives of the Company have a higher proportion of their total potential remuneration 'at risk'. The applicable annual EIP metrics, which were implemented with effect from 1 July 2021, are detailed below.

Percentage of TFR	Level 1 (CEO)	Level 2	Level 3	Level 4	Level 5
STI – bonus	25%	20%	15%	10%	7.5%
LTI – Performance Rights	25%	15%	10%	8%	5%
<b>Total at risk</b>	<b>33%</b>	<b>26%</b>	<b>20%</b>	<b>15%</b>	<b>11%</b>

The Board considers that the performance-linked compensation structure outlined in the EIP will generate the desired outcome in respect of attracting and retaining high calibre employees and aligning employee performance with shareholder interests.

### 3.2.1 Short-Term Incentive

The STI has been adopted to link employee remuneration to key business outcomes which drive shareholder value creation in the short to medium term and by doing so, aligns the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and Key Performance Indicators ('KPI's') being achieved.

Each year all employees within level 2 – 5 had individual KPI's agreed with their manager. The Board approves the individual KPI's for the CEO based on the recommendation of the NRC. The CEO approves the individual KPI's for the KMP with endorsement from the NRC. The individual performance objectives are designed to focus employees on goals and objectives specific to their roles. Each employee has KPI's set that are of a stretch nature, consisting of goals which were typically outside of their roles and responsibilities with a on target score being an advantage to the business.

Company KPI's for the Consolidated Entity are also set each year by the Board. KPI's for the Consolidated Entity are designed to focus employees on the key goals and objectives of the business as a whole and include metrics relating to the growth and financial performance of the Consolidated Entity.

At the end of the financial year, each employee's performance is assessed against their individual KPI's and a score is assigned. The Board approves the KPI assessments for the CEO based on the

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# REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

recommendation of the NRC. The NRC approves the assessments of the individual KPI's for the KMP based on the recommendation of the CEO.

The Board assesses the performance of the Consolidated Entity against the Consolidated Entity KPI's and a score is assigned. An employees' overall KPI score will be a combination of their individual KPI score and the Consolidated Entity KPI score, with higher level employees having a higher weighting of the Company KPI score vs the individual KPI score. The weighting applicable for each employee level is tabled below. The KPI score determines the STI outcome for each employee, subject ultimately to Board approval of the overall amount of the STI cash bonus pool to be awarded each year, if any.

Levels 3 – 5 do not have a specified weighting within their individual scorecard. However, the total individual KPI score awarded is multiplied by the Corporate KPI to determine the STI outcome for each applicable employee.

STI Weighting	Level 1 (CEO)	Level 2	Level 3	Level 4	Level 5
Company KPI's	80%	50%	0%	0%	0%
Individual KPI's	10%	40%	90%	90%	90%
Values	10%	10%	10%	10%	10%

There are also a number of defined disqualifying events which, if triggered, result in no STI being awarded for a financial year. These disqualifying events comprise a small number of severely adverse health, safety, environment and community related occurrences.

### 3.2.2 Long-Term Incentive (LTI)

The LTI has been adopted to align employees' interests directly with shareholders by linking employee remuneration to the Company's share price performance over the medium to longer term. The LTI comprises grants of Performance Rights to all employees, and options to certain senior executives, pursuant to the Company's Employee Incentive Plan Rules which were approved by shareholders on 1 November 2023.

Performance Rights are granted at the discretion of the Board to employees by way of issue at nil cost both at the time of grant and vesting. Performance Rights are granted on an annual basis subject to legislative parameters, with the at-risk value of the annual grant over the vesting period, typically three years, representing a percentage of the employee's TFR, and priced based on a VWAP of the Company's share price at the time of grant. Vesting is contingent on the Company meeting or exceeding performance hurdles over the performance period. The performance hurdles involve an assessment of the Company's total shareholder returns in absolute terms and relative to the S&P/ASX 300 (XKO) Index Group of companies. S&P/ASX 300 (ASX: XKO) Index is selected on the basis that it presents the best fit for Clean TeQ Water over the coming years and is an established and 'live' index.

The EIP also provides for certain key executives to receive, for no consideration, options over ordinary shares of the Company at specified exercise prices as determined by the Board. The grant of options is intended to align the interests of senior executives with other owners of the Company over the medium to longer term and to increase those senior executives' proportion of 'at risk' remuneration. The ability to exercise the options is conditional upon each key executive's ongoing employment by the Company and other applicable vesting hurdles determined by the Board from time to time.

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# REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

## 4 Performance and Executive Remuneration Outcomes

During the financial year ended 30 June 2024 the Consolidated Entity made good progress towards achieving some of its operational targets.

The CEO was granted 109,524 new Performance Rights which vest on 1 January 2026 subject to performance hurdles being achieved. This grant was contingent upon obtaining shareholder approval, which was successfully obtained at the Company's 2023 Annual General Meeting.

No other Performance Rights were granted during the reporting period.

### 4.1 LTI Performance and Outcomes

During the financial year, the Performance Rights vesting on 1 July 2023 and 1 January 2024 completed their three-year performance periods. Both tranches met part of their performance hurdles, resulting in partial vesting of those instruments while the remaining portions lapsed.

After the end of the financial year the grant of Performance Rights vesting 1 July 2024 completed their three-year performance period. Those Performance Rights did not meet any of the performance hurdles therefore all those instruments lapsed.

#### 4.1.1 Performance Criteria for Performance Rights

During the financial year the CEO was granted 109,524 new Performance Rights which vest on 1 January 2026. These grants were contingent upon obtaining shareholder approval, which was successfully obtained at the Company's 2023 Annual General Meeting.

The performance criteria are based on the total TSR applicable to the ordinary shares of the Company over the vesting period. The performance criteria for the tranches of new Performance Rights granted to KMP during the financial year are detailed below. The performance criteria for the tranches of new Performance Rights granted to KMP during the financial year are consistent with the performance criteria for Performance Rights granted to KMP in the comparative year.

#### Performance Criteria 1: 50% Performance Rights vesting conditional on Clean TeQ Water's absolute total shareholder return ('TSR') performance

Absolute TSR	Performance Rights vesting
12.5% pa compounding annually or greater	100%
7.5% pa compounding annually	50%^
Less than 7.5% pa compounding	0%

^ Straight line pro-rata vesting between 7.5% and 12.5%.

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# REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

**Performance Criteria 2: 50% vesting conditional on Clean TeQ Water's TSR performance compared to the S&P/ASX 300 Index (ASX:XKO) ('Index')**

Performance Level	CNQ performance relative to Index over measurement period	Percentage of Performance Rights vesting <sup>^^</sup>
Stretch	≥ Index movement +15%	100%
Between Target & Stretch	> Index movement + 5% & <15%	Pro-rata
<b>Target</b>	<b>Index movement +5%</b>	<b>50%</b>
Between Threshold & Target	> Index movement & <5%	Pro-rata
Threshold	= Index movement	25%
Below Threshold	< Index movement	0%

<sup>^^</sup> Provided that zero Performance Rights will vest if the CNQ TSR is negative over the measurement period.

The Index Group is selected on the basis that it presents the best fit for Clean TeQ Water over the coming years and is an established and 'live' index. The index Group will be reviewed for each tranche of LTI grant to ensure the group is tested for relevance and to determine the applicable price. The Board reserves the right to amend the index group as appropriate.

Any Performance Rights which fail to vest on the Vesting Date will immediately lapse unless the NRC or the Board decides exceptional circumstances justify the reduction or waiver in whole or in part of the Vesting Conditions. There is no ability to re-test whether or not the Vesting Conditions have been satisfied after the Vesting Period has ended.

## 4.1.2 Post-demerger Equity Grants

### Replacement Awards for Executive Chairman and the Chief Executive Officer

In recognition of the demerger and Mr Voigt and Mr Vriesendorp's loss of Sunrise Energy Metals Limited equity awards on joining Clean TeQ Water, Mr Voigt and Mr Vriesendorp were granted replacement awards. These took the form of five separate awards, for FY19, FY20 and FY21 opportunities foregone. Equity awarded under the Employee Incentive Plan serve as replacement for instruments issued to employees under the relevant Sunrise Energy Metals Limited (SRL) Employee Plan. The number of Performance Rights awarded were determined on the number of Performance Rights previously awarded in Sunrise under the scheme. In line with the ATO/ASIC/ASX approved plans detailed in the Demerger Booklet (section 4.6), SRL Performance Rights were cancelled and replacement Clean TeQ Water (CNQ) Performance Rights issued. The ATO confirmed the demerger class ruling metrics including the SRL/CNQ cost base allocation ratio at 81.82% / 18.18% based on the relative market capitalisations of the separate companies in the first five days of trading of the Consolidated Entity.

During the financial year the grant for the replacement Performance Rights vesting 1 July 2023 and 1 January 2024 and completed their three-year performance period. These tranches of Performance Rights partially met one of the performance hurdles therefore some of those instruments vested and the rest lapsed for Mr Voigt. Mr Vriesendorp resigned 1 May 2023 and ceased his advisory role on 30 June 2023. All his remaining Performance Rights lapsed on 30 June 2023.

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# REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

## 4.2 STI Performance and Remuneration outcomes

In considering the Consolidated Entity's performance, the Board also has due regard to profit or loss after tax in the current financial year, along with the market capitalisation and movement in the share price.

The earnings of the Consolidated Entity for the three years to 30 June 2024 are summarised below:

	2024	2023	2022
	\$'000	\$'000	\$'000
Loss from continuing operations after income tax	(3,224)	(3,821)	(11,064)
Share price at financial year end (\$)	.27	0.24	0.41

The Company determined that no payments would be made in respect of the reporting period 1 July 2023 to 30 June 2024 pursuant to the STI Plan to the KMP.

The Consolidated Entity KPI targets are intentionally challenging, and stretch targets are defined to deliver enhanced remuneration outcomes up to 120% grading for outstanding performance. As such, STI bonus payments are capped at an absolute maximum of 120% of TFR.

Effective 1 July 2024 the Board approved an increase in total fixed remuneration to all employees, of 3.6% and the 0.5% increase to the statutory superannuation guarantee rate in line with CPI.

### 4.2.1 Disqualifying Events

Providing a safe workplace for all employees and ensuring that the impact of the Consolidated Entity's activities on the environment and local community stakeholders is managed appropriately is integral to Clean TeQ Water's corporate objectives and values.

No disqualifying events occurred during the financial year.

## 5. KMP Employment Agreements

Remuneration and other terms of employment for key executive management personnel (KMPs) are formalised in service agreements. Details of these agreements are as follows:

Executive KMP	Peter Voigt	Magda Klapakis
Role	CEO	CFO
Terms of Agreement	Permanent employment contract	Permanent employment contract
Notice Period	3 months	3 months
Termination benefit	3 months in lieu of notice	3 months in lieu of notice
Total Fixed Remuneration (TFR)	\$321,349	\$326,625
Short-Term Incentive (STI)	25% bonus of TFR subject to satisfactory completion of agreed KPIs.	20% bonus of TFR, subject to satisfactory completion of agreed KPIs.
Long-Term Incentive (LTI)	Employee Incentive plan	Employee Incentive plan

# REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

The service contracts outline the components of compensation paid to the KMP. The service contracts of the KMP prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

## 6. Non-executive Director Remuneration

The Company Constitution provides for Non-Executive Directors to be paid or provided remuneration for their services, the total amount or value of which must not exceed an aggregate maximum of \$500,000 per annum (as approved by shareholders on 1 July 2021) or such other maximum amount determined from time to time by the Company in a general meeting.

The aggregate maximum sum will be apportioned among them in such manner as the Directors in their absolute discretion determine. Non-Executive Directors fees are set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies. Non-Executive Directors do not receive performance related remuneration. Directors' fees include base fees for Board participation and fees for subcommittee roles and responsibilities. The structure of Non-Executive Director fees is tabled below.

<b>Non-Executive Director Base Fees</b>	
Lead Independent Non-Executive Director	63,300
Board Member	52,988
<b>Board Subcommittee Fees</b>	
Audit and Risk Committee Chair	13,188
Audit and Risk Committee Member	5,299
Nomination and Remuneration Committee Chair	13,188
Nomination and Remuneration Committee Member	5,299

Non-Executive Directors are entitled to be paid travelling and other expenses properly incurred by them in attending Directors' or general meetings of the Company or otherwise in connection with the business of the Consolidated Entity. No retirement benefits are to be paid to Non-Executive Directors, however, Director remuneration figures quoted herein are inclusive of superannuation where applicable. The Company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for Directors by resolution.

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## REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

### 7. Statutory Remuneration Disclosures

Details of the remuneration and holdings in the securities of the Company of the KMP and Non-Executive Directors, prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards, are set out in the following tables.

2024	Cash	Cash	Other	Post-	Other long-	Share	Proportion of	
	Salary <sup>1</sup> and Fees	Bonus <sup>2</sup>	short-term benefits	employment benefits	term benefits	Based Payments <sup>3</sup>	Total	total risk related remuneration
	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-Executive Directors</b>								
Sam Riggall	57,285	-	-	6,301	-	-	63,586	-
Ian Knight	89,675	-	-	-	-	-	89,675	-
Robyn McLeod	57,285	-	-	6,301	-	-	63,586	-
<b>KMP:</b>								
Peter Voigt	293,849	-	16,063 <sup>5</sup>	27,500	-	41,542	378,954	11
Magda Klapakis	299,125	-	26,610 <sup>5</sup>	27,500	1,629	27,487	382,350	7
<b>Total</b>	<b>797,219</b>	<b>-</b>	<b>42,673,<sup>5</sup></b>	<b>67,602</b>	<b>1,629</b>	<b>69,029</b>	<b>978,151</b>	

1. Includes director fees and salary paid.
2. Bonus payments are presented on an accruals basis and do not reflect the actual timing of payments.
3. Amounts relate to the fair value of grants options and Performance Rights made pursuant to the LTI Plan attributable to the financial year measured in accordance with AASB 2 Share based Payments.
4. There were no termination payments incurred in the period.
5. Net leave entitlements (utilised)/charged during the period.

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# REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

2023	Cash Salary <sup>1</sup> and Fees \$	Cash Bonus <sup>2</sup> \$	Other short-term benefits \$	Post-employment benefits \$	Other long-term benefits \$	Share Based Payments <sup>3</sup> \$	Total \$	Proportion of total risk related remuneration %
<b>Non-Executive Directors</b>								
Sam Riggall	57,285	-	-	6,015	-	-	63,300	-
Ian Knight	89,285	-	-	-	-	-	89,285	-
Robyn McLeod	57,285	-	-	6,015	-	-	63,300	-
<b>KMP:</b>								
Peter Voigt <sup>4</sup>	292,250	-	14,071 <sup>5</sup>	27,500	-	47,897	381,718	13
Willem Vriesendorp <sup>6</sup>	355,361	-	-	-	-	-	355,361	-
Magda Klapakis	246,167	-	15,938 <sup>5</sup>	24,239	1,511	25,124	312,979	8
<b>Total</b>	<b>1,097,633</b>	<b>-</b>	<b>30,009<sup>5</sup></b>	<b>63,769</b>	<b>1,511</b>	<b>73,021</b>	<b>1,265,943</b>	

- Includes director fees and salary paid.
- Bonus payments are presented on an accruals basis and do not reflect the actual timing of payments.
- Amounts relate to the fair value of grants options and Performance Rights made pursuant to the LTI Plan attributable to the financial year measured in accordance with AASB 2 Share based Payments.
- Peter Voigt was appointed as Interim CEO from 1 May 2023 following the resignation of Willem Vriesendorp. He held the position of Executive Chairman up until 30 April 2023.
- Net leave entitlements (utilised)/charged during the period.
- Willem Vriesendorp resigned as Chief Executive Officer effective 1 May 2023.
- There were no termination payments incurred in the period.

The following tables sets out the proportion of fixed and 'at risk' performance-based remuneration for directors and KMP for the financial reporting period:

2024	Proportion of remuneration that is fixed	Proportion of remuneration at risk as cash settled STI	Proportion of remuneration at risk as LTI
<b>Non-Executive Directors:</b>			
Ian Knight	100%	-	-
Sam Riggall	100%	-	-
Robyn McLeod	100%	-	-
<b>KMP:</b>			
Peter Voigt <sup>1</sup>	89%	0%	11%
Magda Klapakis	93%	0%	7%

2023	Proportion of remuneration that is fixed	Proportion of remuneration at risk as cash settled STI	Proportion of remuneration at risk as LTI
<b>Non-Executive Directors:</b>			
Ian Knight	100%	-	-
Sam Riggall	100%	-	-
Robyn McLeod	100%	-	-
<b>KMP:</b>			
Peter Voigt <sup>1</sup>	87%	0%	13%
Willem Vriesendorp <sup>2</sup>	100%	0%	0%
Magda Klapakis	92%	0%	8%

- Peter Voigt was appointed as Interim CEO from 1 May 2023 following the resignation of Willem Vriesendorp. He held the position of Executive Chairman up until 30 April 2023.
- Willen Vriesendorp resigned as CEO 1 May 2023.



# REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

## 8. Additional Disclosures Relating to Options, Rights and Shares

### Options

No options over ordinary shares were issued to KMP as part of compensation during the financial year ended 30 June 2024 (30 June 2023: nil) and up to the date of this report.

Nil options were exercised during the financial year ended 30 June 2024 (30 June 2023: nil). Nil options were forfeited (30 June 2023: 1,500,000).

Options granted in prior years which expired or were exercised in the current year are disclosed in Note 33 of the financial statements.

### Performance Rights

The terms and conditions of each grant of Performance Rights over ordinary shares affecting remuneration of KMP in the financial year ended 30 June 2024 are as follows:

Grantee	Rights Granted	Grant Date	Vesting and expiry date	Exercise Price	Fair value per Performance Right at grant	% Rights Vested	% Rights lapsed
Peter Voigt	247,349*	21-Aug-21	01-Jul-23	Nil	\$0.179	35	65
Peter Voigt	156,389*	21-Aug-21	01-Jan-24	Nil	\$0.142	45	55
Peter Voigt	99,496	14-Dec-22	01-Jul-24	Nil	\$0.077	-	N/A
Peter Voigt	129,207	14-Dec-22	01-Jan-25	Nil	\$0.149	-	N/A
Peter Voigt	217,636	14-Dec-22	01-Jul-25	Nil	\$0.212	-	N/A
Peter Voigt	109,524	01-Nov-23	01-Jul-26	Nil	\$0.167	-	N/A
Magda Klapakis	75,833	07-Sep-21	01-Jul-24	Nil	\$0.424	-	N/A
Magda Klapakis	98,478	09-Mar-22	01-Jan-25	Nil	\$0.422	-	N/A
Magda Klapakis	165,840	28-Jul-22	01-Jul-25	Nil	\$0.349	-	N/A
Magda Klapakis	83,458	29-Mar-23	01-Jan-26	Nil	\$0.218	-	N/A

\* Pursuant to section 4.6 of the Demerger Booklet dated 17 May 2021, Clean TeQ Water officers and employees who held SRL Performance Rights had their Performance Rights cancelled and Clean TeQ Water Rights were issued to them following the implementation of the Demerger.

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## REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

Performance Rights carry no dividend or voting rights.

The number of Performance Rights over ordinary shares granted to each KMP as part of remuneration is set out below:

	Number of rights granted during the year 2024	Number of rights granted during the year 2023	Number of rights vested during the year 2024	Number of rights vested during the year 2023
Peter Voigt	109,524	446,339	156,947	-
Magda Klapakis	-	249,298	-	-

The value of Performance Rights over ordinary shares (as at date of grant) granted to each KMP as part of compensation are set out below:

Name	\$ Value of rights granted during the year 2024	\$ Value of rights granted during the year 2023	\$ Value of rights vesting during the year 2024	\$ Value of rights vesting during the year 2022
Peter Voigt	18,318	61,937	40,199	-
Magda Klapakis	-	76,072	-	-

### Director and KMP interests in equity instruments of the Company

#### Movement in shares held

The number of ordinary shares in the Company held during the financial year ended 30 June 2024 by each director and KMP of the Consolidated Entity, including their related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Other <sup>1</sup>	Balance at end of the year
<b>Non-Executive</b>						
<b>Directors:</b>						
Ian Knight	105,921	-	-	-	-	105,921
Sam Riggall	1,425,519	-	-	-	-	1,425,519
Robyn McLeod	13,158	-	-	-	-	13,158
<b>KMP:</b>						
Peter Voigt	1,109,392 <sup>2</sup>	-	-	-	156,947	1,266,339
Magda Klapakis	-	-	-	-	-	-
	2,653,990 <sup>2</sup>	-	-	-	156,947	2,810,937

1. Conversion of performance rights to ordinary shares granted as part of the post-demerger equity replacement awards that partially vested during the period.
2. The opening balance for FY24 has been adjusted to correct an error identified in the closing balance of the previous year's report (FY23).

#### Movement in options held

There were no options over ordinary shares in the Company held during the financial year (2023: nil) by any director and other members of key management personnel ('KMP') of the Consolidated Entity, including their personally related parties.

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## REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2024

### Movement in Performance Rights held

The number of Performance Rights over ordinary shares in the Company held during the financial year by each KMP of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as part of remuneration	Vested	Expired/ forfeited/ other	Balance at end of the year
Peter Voigt	850,077	109,524	(156,947)	(246,791)	555,863
Magda Klapakis	423,609	-	-	-	423,609
	1,273,686	109,524	(156,947)	(246,791)	979,472

### Shares under option

No options over ordinary shares were issued to KMP as part of compensation during the financial year ended 30 June 2024 (2023: nil). Since the end of the financial year up to the date of this report the Company has issued nil (2022: nil) shares upon exercise of options to KMP for total proceeds of nil (2023: nil).

### Shares subject to Performance Rights

Unissued ordinary shares of the Company subject to Performance Rights as at 30 June 2024 are as follows:

Grant Date	Vest Date	Exercise Price	Number
7-Sept-21	1-Jul-24	Nil	301,997
30-Sept-21	1-Jul-24	Nil	161,616
9-Mar-22	1-Jan-25	Nil	437,366
28-Jul-22	1-Jul-25	Nil	765,288
14-Dec-22	1-Jul-24	Nil	99,496
14-Dec-22	1-Jan-25	Nil	129,207
14-Dec-22	1-Jul-25	Nil	217,636
29-Mar-23	1-Jan-26	Nil	516,988
1-Nov-23	1-Jan-26	Nil	109,524
			2,739,118

### Shares issued on the exercise of options or Performance Rights

During the financial reporting year, the Company issued 280,340 shares to employees upon the vesting of performance rights with a vest date of 1 July 2023 and 1 January 2024.

### Voting and comments made at the Company's 2023 Annual General Meeting

The Company received 25,231,666 votes 'for' (99.3% of votes cast) and 178,805 votes 'against' (0.70% of votes cast) the remuneration report for the period ended 30 June 2023.

This concludes the Remuneration Report which has been audited.

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## Auditor's Independence Declaration

### To the Directors of Clean Teq Water Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Clean Teq Water Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



B A Mackenzie  
Partner – Audit & Assurance

Melbourne, 30 August 2024

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# CLEAN TEQ WATER LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Note	Consolidated	
		2024	2023
		\$	\$
<b>Continuing operations</b>			
Revenue	6	11,497,989	12,342,091
Other income	6	707,739	1,232,456
Other gains and losses	6	(43,875)	218,968
<b>Expenses</b>			
Raw materials and other direct costs	7	(8,845,494)	(7,746,826)
Employee benefits expenses	7	(5,765,843)	(6,056,174)
Legal and professional expenses		(608,984)	(623,840)
Occupancy expenses		(360,941)	(468,319)
Travel and entertainment expenses		(184,976)	(276,675)
Marketing expenses	7	(194,101)	(185,965)
Research and development expenses		(190,844)	(768,591)
Depreciation and amortisation expenses		(376,588)	(303,220)
Other expenses	7	(819,719)	(1,259,945)
<b>Operating loss from continuing operations before finance costs</b>		<b>(5,185,637)</b>	<b>(3,896,040)</b>
Net finance income	6	(3,084)	74,904
Share of profit of equity-accounted investees, net of tax	9	1,964,712	-
<b>Loss from continuing operations before income tax</b>		<b>(3,224,009)</b>	<b>(3,821,136)</b>
Income tax benefit		-	-
<b>Loss from continuing operations after income tax expense for the period attributable to the owners of the Company</b>		<b>(3,224,009)</b>	<b>(3,821,136)</b>
<b>Discontinued Operations</b>			
Loss for the year from discontinued operations net of tax	8	(1,055,290)	(1,664,650)
<b>Loss for the year</b>		<b>(4,279,299)</b>	<b>(5,485,786)</b>
<b>Other comprehensive Income</b>			
Foreign Operations - foreign currency translation differences		(3,498)	-
Share of other comprehensive income of equity-accounted investees		(468,783)	(21,007)
<b>Other comprehensive Income for the year</b>		<b>(472,281)</b>	<b>(21,007)</b>
<b>Total comprehensive loss for the period attributable to the owners of the Company</b>		<b>(4,751,580)</b>	<b>(5,506,793)</b>
<b>Total, continuing and discontinuing earnings per share:</b>			
Basic earnings per share (\$) – total	32	(0.0669)	(0.1047)
Diluted earnings per share (\$) – total	32	(0.0669)	(0.1047)
Basic earnings per share (\$) – continuing operations	32	(0.0504)	(0.0730)
Diluted earnings per share (\$) – continuing operations	32	(0.0504)	(0.0730)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# CLEAN TEQ WATER LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
<b>Current assets</b>			
Cash and cash equivalents	11	1,933,230	4,631,686
Restricted cash and other financial assets	11	216,201	216,201
Receivables and prepayments	12	3,421,058	2,004,439
Contract assets	6	559,700	2,189,840
Inventories		-	297,641
<b>Total current assets</b>		<b>6,130,189</b>	<b>9,339,807</b>
<b>Non-current assets</b>			
Contract assets	6	237,755	246,695
Property, plant and equipment	13	558,649	653,556
Right-of-use assets		11,625	58,202
Investments in joint ventures	9	1,497,092	-
Intangibles	15	4,897,053	2,228,346
Amounts due from related parties	27	50,509	-
<b>Total non-current assets</b>		<b>7,252,683</b>	<b>3,186,799</b>
<b>Total assets</b>		<b>13,382,872</b>	<b>12,526,606</b>
<b>Current liabilities</b>			
Trade and other payables	16	2,237,417	2,424,997
Contract liabilities	6	1,241,755	200,652
Employee benefits	17	623,037	588,958
Provisions	18	338,220	59,952
Lease liabilities		75,340	88,428
Interest bearing liabilities	14	267,960	239,729
<b>Total current liabilities</b>		<b>4,783,729</b>	<b>3,602,716</b>
<b>Non-current liabilities</b>			
Employee benefits	17	86,697	84,099
Provisions	18	933,272	835,339
Lease liabilities		-	14,992
<b>Total non-current liabilities</b>		<b>1,019,969</b>	<b>934,430</b>
<b>Total liabilities</b>		<b>5,803,698</b>	<b>4,537,146</b>
<b>Net assets</b>		<b>7,579,174</b>	<b>7,989,460</b>
<b>Equity</b>			
Issued capital	19	8,900,768	4,704,759
Reserves	20	19,507,362	19,834,358
Accumulated losses	21	(20,828,956)	(16,549,657)
<b>Total equity</b>		<b>7,579,174</b>	<b>7,989,460</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CLEAN TEQ WATER LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2024

	Contributed Equity	Accumulated Losses	Reserves	Total Equity
Consolidated	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	<b>1</b>	<b>(11,063,871)</b>	<b>19,802,390</b>	<b>8,738,520</b>
Loss after income tax for the year	-	(5,485,786)	-	(5,485,786)
Other comprehensive income	-	-	(21,007)	(21,007)
<b>Total comprehensive loss for the year</b>	-	<b>(5,485,786)</b>	<b>(21,007)</b>	<b>(5,506,793)</b>
<i>Transactions with owners in their capacity as owners</i>				
Issue of ordinary shares	4,956,767	-	-	4,956,767
Transaction costs relating to issue of ordinary shares	(252,009)	-	-	(252,009)
Share-based payments	-	-	52,975	52,975
<b>Balance at 30 June 2023</b>	<b>4,704,759</b>	<b>(16,549,657)</b>	<b>19,834,358</b>	<b>7,989,460</b>
<b>Balance at 1 July 2023</b>	<b>4,704,759</b>	<b>(16,549,657)</b>	<b>19,834,358</b>	<b>7,989,460</b>
Loss after income tax for the year	-	(4,279,299)	-	(4,279,299)
Other comprehensive income	-	-	(472,281)	(472,281)
<b>Total comprehensive loss for the year</b>	-	<b>(4,279,299)</b>	<b>(472,281)</b>	<b>(4,751,580)</b>
<i>Transactions with owners in their capacity as owners</i>				
Issue of ordinary shares (Note 19)	4,384,740	-	-	4,384,740
Transaction costs relating to issue of ordinary shares	(188,731)	-	-	(188,731)
Share-based payments	-	-	145,285	145,285
<b>Balance at 30 June 2024</b>	<b>8,900,768</b>	<b>(20,828,956)</b>	<b>19,507,362</b>	<b>7,579,174</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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# CLEAN TEQ WATER LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended to 30 June 2023

	Note	Consolidated 2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		13,890,443	12,597,446
Payments to suppliers and employees (inclusive of GST)		(18,712,070)	(19,127,061)
Cash used in operating activities		(4,821,627)	(6,529,615)
Refund of/(payments for) security deposits		-	116,201
Net interest received		23,844	81,156
Research and development tax incentive received		997,581	767,643
Net cash used in operating activities	31	(3,800,202)	(5,564,615)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(27,277)	(224,914)
Acquisition of investments in joint ventures		(1,164)	-
Net cash used in investing activities		(28,441)	(224,914)
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		1,384,740	4,956,767
Transaction costs relating to issue of ordinary shares		(188,731)	(252,009)
Proceeds from borrowings		320,027	316,130
Repayment of borrowings and interest		(318,445)	(81,993)
Repayment of lease liabilities and interest		(30,360)	(73,213)
Net cash used in financing activities		1,167,231	4,865,682
Net increase in cash and cash equivalents		(2,661,412)	(923,847)
Cash and cash equivalents at the start of the financial period		4,631,686	5,570,746
Effects of exchange rate changes on cash and cash equivalents		(37,044)	(15,213)
Cash and cash equivalents at the end of the financial period	11	1,933,230	4,631,686

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 1. General information

The consolidated financial statements cover the Clean TeQ Water Limited group as a Consolidated Entity consisting of Clean TeQ Water Limited ('Clean TeQ Water' or 'the Company') and its subsidiaries ('Consolidated Entity' or 'the Group'). The consolidated financial statements are presented in Australian dollars, which is the Consolidated Entity's functional and presentation currency.

On 1 July 2021, Clean TeQ Water and its controlled entities demerged from Sunrise Energy Metals and was listed on the Australian Securities Exchange under the code CNQ.

Clean TeQ Water Limited is a for-profit ASX listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 12, 21 Howleys Road  
Notting Hill, Victoria, 3168  
Australia

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 August 2024. The Directors have the power to amend and reissue the financial statements.

### Note 2. Significant changes in the current reporting period

On 18 December 2023, the Consolidated Entity executed a technology license agreement granting the exclusive rights to exploit the Group's technologies in the China region and a factory management and off-take agreement, to its largest customer in China. As part of the agreement, the Consolidated Entity received a license fee totalling \$400,000 and will be entitled to an annual 4% royalty on any sales derived from the technology in the future. As a consequence of these agreements, the Group has made the strategic decision to discontinue its project delivery and manufacturing activities in its China business segment. Moving forward, the Consolidated Entity anticipates potential revenue streams from royalties, technical services, and cost recoveries.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 3. Material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Going concern

The Financial Report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity reported a net loss after tax from continuing operations for the financial year of \$3,224,009 (30 June 2023: loss of \$3,821,136), incurred negative operating cash flows of \$4,821,627 (30 June 2023: \$6,529,615) and the Consolidated Entity's position as at 30 June 2024 was as follows:

- the Consolidated Entity had cash reserves inclusive of restrictive security deposits of \$2,149,431 (30 June 2023: \$4,847,887); and
- the Consolidated entity had net assets of \$7,579,174 (30 June 2023: \$7,989,460).

During the financial reporting period the following events have taken place to support the going concern basis of preparation for the Consolidated Entity:

- The Consolidated Entity has attributable available cash on hand as at 30 June 2024 of \$2,149,431 (30 June 2023: \$4,847,887).
- The Consolidated Entity earned \$11,497,989 (30 June 2023: \$12,342,091) in sales revenue from continuing operations during the financial year.
- The Consolidated Entity earned \$1,964,712 (30 June 2023: Nil) in its share of profits of equity accounted investees.
- The Consolidated Entity expects to receive cash rebates from the Australian Taxation Office for eligible research and development expenditure incurred during the tax period 1 July 2024 to 30 June 2024. The Consolidated Entity has recognised a \$435,379 (2023: \$725,245) receivable for an estimated refund due to it for some of its research and development expenditure incurred during the tax period.
- The Consolidated Entity has successfully completed a number of contracts to design, procure and construct water purification plants, which have generated positive cashflows over recent years. The Consolidated Entity is confident, as a result of the successful completion of these contracts, that it will continue to be awarded additional water treatment contracts in the future.
- The recent award of paid pilot projects in Europe, South America and South Africa, the final step before the customer decides on project award.
- On 29 July 2024, the Company announced the successful completion of the Company's SPP which raised \$600,100.
- On 29 July 2024, the Company announced it had received \$200,000 as part of the Tranche 2 Placement.
- On 30 July 2024, the Company announced that it had entered into a term loan funding agreement with Amal Security Services Pty Limited (as trustee for Causeway Wholesale Private Debt Master Fund) ('Causeway') for a debt financing facility ('Term Loan Facility') of up to \$2

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

million. The initial loan term is 2 years, with an option for Clean TeQ to extend the Term Loan Facility for a further 12 months.

- 4 million common shares, representing approximately 8.63% of the issued share capital of LithiumBank Resources Corp (TSX.V: LBNK) were issued to the joint venture Go2Lithium Inc (G2L). The approximate value at granting was CAD \$0.981 per share or CAD \$3.9 million (AUD\$4.4 million) in total. Additionally, under the ongoing cDLE® piloting project G2L can earn up to an additional 10 million common shares in subsequent tranches, subject to achievement of certain technical and study milestones. The 14 million shares, if fully issued, represent as of the date of this release approximately 25% of LithiumBank's current issued and outstanding shares (on a post-issue basis).
- The forecast cash flows for the Consolidated Entity indicate that, based on current cash on hand, the Consolidated Entity is able to maintain a positive cash position for at least the period of 12 months to August 2025.

The Consolidated Entity will continue working towards securing contracts in the near future and anticipates earning substantial revenues in the future.

The Consolidated Entity expects that relationships with its major investors will also assist in widening the Consolidated Entity's opportunities for profitable commercialisation of its technologies in addition to assisting in securing further funding required.

The Directors are confident that the Consolidated Entity can continue to access debt and equity funding to meet medium term working capital requirements and has a history of securing such funding as required in the past to support their confidence.

The Directors note there are a number of prevailing global factors which are beyond the control of the Consolidated Entity including the general inflationary environment, rising interest rates, war in Ukraine, political and trade disputes and disruption to supply chains. None of these factors has materially impacted on the ability of the Consolidated Entity to undertake its activities. Although there is a risk that these factors, or other new unforeseeable factors, may impact on the Consolidated Entity's performance and ability to operate in the future, the Directors are not currently aware of any factor that they believe will materially impact on the Consolidated Entity's performance and ability to operate in the future.

While the Directors are confident in the Consolidated Entity's ability to continue as a going concern, in the event the cash flow forecasts are adversely impacted and commercial opportunities described above do not eventuate as planned, there is a material uncertainty as to whether the Consolidated Entity will be able to generate sufficient net operating cash inflows or execute alternative funding arrangements to enable it to continue as a going concern beyond the 12 months from the date the Directors approve the annual Financial Report.

Consequently, a material uncertainty exists as to whether the Consolidated Entity will continue as a going concern and it may therefore be required to realise assets at amounts different to their carrying amounts in the consolidated statement of financial position, extinguish liabilities at amounts different to those recorded in the consolidated financial position and settle liabilities other than in the ordinary course of business.

### ***(b) Basis of preparation***

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards ('AASBs') and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

### *Historical cost convention*

The financial statements have been prepared under the historical cost convention unless otherwise described in the accounting policies.

### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

### **(c) Parent Entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the Parent Entity is disclosed in Note 28.

### **(d) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Clean TeQ Water Limited as at 30 June 2024 and the results of all subsidiaries for the period then ended. Clean TeQ Water Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

### *Transactions eliminated on consolidation*

Intercompany transactions, balances and any unrealised gains and losses on transactions between entities in the Consolidated Entity are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Consolidated Entity's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries not under common control is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the Parent Entity.

### *Interests in equity-accounted investees*

Equity-accounted investees currently comprise the Group's interest in the joint venture, Go2Lithium Inc. Joint ventures are accounted for using the equity method when the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's investment in joint ventures are initially recognised at the net cost to acquire the interests, which includes consideration paid net of transaction costs. Subsequent to initial recognition, the investment

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

in the consolidated financial statements includes the Group's share of profit and loss and the Group's share of other comprehensive income, until the date on which significant influence or joint control ceases.

Foreign currency differences arising from the translation of investments in joint ventures are recognised in other comprehensive income.

### **(e) Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Executive Committee and Board of Directors, which are responsible for the allocation of resources to operating segments and assessing their performance.

### **(f) Revenue recognition**

#### *Project contracts*

The Consolidated Entity builds treatment plants for customers based on design and implementation of the Consolidated Entity's innovative water solution and resource recovery technology. Projects are billed in accordance with the milestones of the contract and its length depends on the complexity of the design. The duration of these projects is usually between 12-18 months. Revenue is recognised over time using a cost incurred input method to measure the progress towards satisfying contractual performance obligations. The related costs are recognised in profit or loss when they are incurred.

Typically, project contract performance obligations are highly inter-related and therefore accounted for as a single performance obligation. Contract variations arise in the form of agreed customer variations and are included in the transaction price on the basis that it is highly probable that significant reversal of revenue will not occur.

A provision for loss making contracts is recorded for the difference in the expected costs of fulfilling the contracts and the expected remaining economic benefits to be received where the forecast remaining costs exceed the forecast remaining benefits. Provisions for loss making contracts and advances received are included in contract liabilities.

#### *Test work and pilot plants*

Invoices for test work and pilot plant services are issued based on the achievement of milestones and are usually payable within 30 days. Revenue is recognised based on the completion of milestones outlined in the customer contract which is representative of the Consolidated Entity's measurement of progress towards complete satisfaction of the performance obligations.

#### *Product sales*

Customers obtain control of product sales when the goods are delivered in accordance with the applicable shipping terms, which is usually Ex-works. Invoices are generated and revenue is recognised when the goods are delivered in accordance with the shipping terms, which is at a point in time.

#### *Aftermarket spares and services*

Aftermarket spares and services occur following the completion of all active obligations in project contract, are ancillary to the main contract and can relate to orders for additional maintenance and/or the provision of critical spares. Revenue is recognised once the services have been rendered, control of the goods have transferred to the customer and entitlement is expected, which is at a point in time.

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### *Rendering of services*

Invoices for services provided to customers are issued on a monthly basis and usually payable within 30 days. Revenue is recognised over time as the services are provided, which is measured based on costs incurred. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Consolidated Entity sells the services in separate transactions.

### *Intellectual Property Revenue*

Intellectual property revenue relates to income generated from licensing fees granted for the exclusive right to use the Consolidated Entity's intellectual property. The Group applies the five step model outlined in AASB 15 Revenue from Contracts with Customers when recognising license fee income to determine whether license fee income is recognised at a specific point in time or over time.

Where a license fee is a distinct component of a contract, and the performance obligation is satisfied at a point in time by granting exclusive control or a right to use the entity's intellectual property as it exists when the licence is granted, the revenue is recognised at the point in time when control over the intellectual property is transferred.

Where a license fee is a not a distinct, primary or dominant component of a contract, and the contract necessitates the performance of highly inter-related services over time, they are treated as a single performance obligation. Revenue is then recognised over time based on an appropriate input method applicable to the services required.

### **(g) Government grants**

Grants that compensate the Consolidated Entity for expenses incurred (including research and development tax incentive rebates) are recognised as income in the profit or loss or other income before tax on a systematic basis in the same periods in which the expenses are recognised only when there is reasonable assurance that the conditions attaching to them have been complied with and the grants will be received.

### **(h) Income tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss except to the extent that it relates to business combinations, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Consolidated Entity is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The Consolidated Entity makes this assessment at each reporting date. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The carrying amounts of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Clean TeQ Water Limited (the 'Head Entity') and its wholly owned Australian subsidiaries were members of the Sunrise Energy Metals Limited income tax consolidated group under the tax consolidation regime up until the 30 June 2021, prior to demerging. Following demerger, the Consolidated Group ceased to be eligible members of the Sunrise Energy Metals Limited tax consolidated group. During the financial year ended 30 June 2023 and prior to lodgement of the 30 June 2022 tax returns, Clean TeQ Water Limited formed a tax consolidated group under the ATO tax consolidation regime, effective from the beginning of the income tax year ended 30 June 2022.

### ***(i) Current and non-current classification***

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### ***(j) Cash and cash equivalents***

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### *(k) Trade and other receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model. The expected credit loss model requires the Consolidated Entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

Specifically, AASB 9 requires the Consolidated Entity to recognise a loss allowance for expected credit losses on:

- debt investments measured subsequently at amortised cost;
- lease receivables;
- trade receivables and contract assets; and
- financial guarantee contracts to which the impairment requirements of AASB 9 apply.

In particular, AASB 9 requires the Consolidated Entity to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Other receivables are recognised at amortised cost, less any provision for impairment.

### *(l) Property, plant and equipment*

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Entity. Ongoing repairs and maintenance are expensed as incurred. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Consolidated Entity will obtain ownership by the end of the lease term. The estimated useful lives of property, plant and equipment are as follows for the current and preceding financial year:

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

Plant and equipment	3 to 10 years (straight line)
Office furniture and equipment	3 to 10 years (straight line)
Leasehold improvements	3 to 7 years (straight line)
Motor vehicles	5 years (straight line)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Work in progress is measured, for each project in progress, as the excess of revenue recognised for the project, based on the project's percentage of completion, over the revenue invoiced to date for that project. For projects where the revenue recognised for a project is less than the revenue invoiced to date for that project, the excess of revenue invoiced over revenue recognised is recorded as a current liability, presented as deferred revenue.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **(m) Restricted cash and other financial assets**

Cash on deposit used as security for bank guarantees maturing within 12 months of each reporting period is disclosed as a current other financial asset. Those deposits that mature in excess of 12 months are disclosed as non-current other financial assets.

### **(n) Intangibles**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method of determining useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### **Capitalised development costs**

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be an economic success considering its commercial and technical feasibility; the Consolidated Entity is able to use or sell the asset; or the Consolidated Entity has sufficient resources and intent to complete the development and its costs can be measured reliably. Otherwise, they are recognised in the profit or loss as incurred. Capitalised development costs are amortised on a straight-line basis over the period of their expected economic benefit, being between 4 and 20 years dependent on the project.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

### **(o) Impairment of non-financial assets**

At each reporting date, the Consolidated Entity reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

### **(p) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition. The Consolidated Entity derecognises the liability when its contractual obligations are discharged, cancelled or expired.

### **(q) Finance income and costs**

The Consolidated Entity's finance income and finance costs include, as applicable:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on financial assets at fair value through profit or loss;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the fair value loss on contingent consideration classified as a financial liability;
- impairment losses recognised on financial assets (other than trade receivables);
- the net gain or loss on hedging instruments that are recognised in profit or loss; and
- the reclassification of net gains previously recognised in other comprehensive income.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Interest expense is recognised using the effective interest method. Finance costs attributable to qualifying assets are capitalised as part of the asset.

### **(r) Employee benefits**

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

#### *Other long-term employee benefits*

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian Corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

#### *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

#### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees. There were no cash-settled share-based payments during the financial year.

Equity-settled transactions are awards of shares, or options and Performance Rights over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date.

The fair value of options is independently determined using the Binomial option pricing model that takes into account the exercise price, the term of the option, the strike price of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of Performance Rights is determined by an independent third party using a Brownian Model and a Monte Carlo simulation that take into account the term of the Performance Rights, the underlying share price and benchmark share price values at grant date, the expected volatility of the underlying share and benchmark shares, the expected dividend yield of the underlying share and benchmark shares and the risk-free interest rate for the term of the Performance Right, together with an estimation of the number of Performance Rights expected to lapse due to failure of employees to remain in employment.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining grant date fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

### **(s) Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### *(t) Investments in equity instruments designated as at FVTOCI*

Where the Group has acquired or holds equity instruments granting an interest in another entity but does not have significant influence or control over the investee, management will account for the financial asset according to AASB 9 Financial Instruments.

Equity instruments are initially recognised at their fair value, plus or minus transaction costs that are directly attributable to the acquisition of the equity instrument. Subsequent to initial recognition, management will, on an investment by investment basis, make an election on whether to subsequently measure equity instruments at fair value through profit or loss ('FVTPL') or at fair value through other comprehensive income ('FVTOCI'). In doing so, management will consider whether the equity instruments are held for trading or not.

Where management elects to measure equity instruments at fair value through profit and loss, gains and losses on the fair value of the financial assets are recognised in profit and loss.

Where the election has been made to measure equity instruments at fair value through other comprehensive income, gains and losses on the fair value of the financial assets are recognised in other comprehensive income. Any dividends in respect of these investments that are a return on investment are recognised in profit or loss.

### *(u) Issued capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### **(v) Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Consolidated Entity by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### **(w) Rounding of amounts**

The Company is of a kind referred to in Instrument 2016/191 (Rounding in Financial/Director's Reports), issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Legislative Instrument to the nearest dollar.

### **(x) New standards and interpretations not yet adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following new and amended standards that have been issued but are not yet effective are not expected to have a significant impact on the Group's consolidated financial statements.

- Annual Improvements to AASB Standards 2018-2020
- Property, plant and equipment: proceeds before intended used (amendments to AASB 116)
- Deferred tax related to assets and liabilities arising from a single transaction (amendments to AASB 12)
- Classification of liabilities as current or non-current (amendments to AASB 101)
- Definition of accounting estimates (amendments to AASB 108)

### **Note 4. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.



# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### *Share-based payment transactions*

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. A key assumption considered in the fair value calculation includes the probability of vesting given the share-based payment plans were only implemented in the current period for the first time. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### *Estimation of useful lives of assets*

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### *Intangible assets*

The carrying value of patents and trademarks acquired is based on the cost of registering the patents and trademarks, less any impairment.

### *Provisions: warranties and contract claims*

Provisions for warranties and other contract claims are based on best estimates having regard to previous claims experience.

Where technology installed is the first instance or is part of a pilot or demonstration plant and reference cannot be made to previous claims experience, judgement is required in determining appropriate expected future expenditure during the defects liability period.

### *Research and development costs and tax provisions*

The Consolidated Entity adopts the AASB 120 government grant approach for Research and Development Tax Incentive ('RDTI') income, recognising a credit in the income statement against profit before tax.

RDTI income is recognised once it is probable with reasonable assurance that the terms of the incentive program are complied with and the amount will be received, the credit being recognised over the periods necessary to match the income with the project costs for which it was intended to compensate.

In determining whether the Group has reasonable assurance of the recoverability of RDTI income, the Group considers whether projects have successfully been claimed previously and meet the ATO's latest published guidelines on project and cost eligibility.

Where reference cannot be made to previous claims experience and the probability of the recovery of an RDTI claim is not assured, RDTI income is not recognised until a point in time where determination of eligibility can be made with reasonable assurance by relevant experts or a claim is approved by the delegated ATO authority.

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### *Income tax and withholding tax provisions*

During the financial year, the Group acquired a 50% interest in Go2Lithium Inc, a joint venture formed with Computational Geosciences Inc, a company domiciled in Canada. Management have made key judgments, in conjunction with professional external advice in both Australia and Canada, on the interpretation of tax legislation applicable to the transaction to acquire this interest and other subsequent related party transactions with the joint venture.

### *Revenue earned on project contracts*

Revenue earned on project contracts is determined using a cost incurred input method to measure the progress towards satisfying contractual performance obligations, which is based on actual costs incurred as a proportion of total estimated project costs. Actual costs may vary compared to estimated amounts and consequently the proportion of project contract revenue recorded for individual projects may change in future reporting periods based on revisions to estimated amounts. Also refer to notes 3(g) and 3(l).

### **Note 5. Operating segments**

AASB 8 requires operating segments to be identified on the basis of the components of internal reports of the Consolidated Entity that are regularly reviewed by the Directors in order to allocate resources to the segment and to assess its performance. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Consolidated Entity's accounting policies. The following tables are an analysis of the Consolidated Entity's revenue and results by reportable segment provided to the Directors. The profit or loss of the operating segments remains as a key financial indicator and metric monitored by the Directors. Assets and liabilities are reviewed at the consolidated level.

### *Geographical segments*

The Consolidated Entity identifies its operating segments based on management accounts used by the Executive Committee and Board of Directors in assessing business unit performance and deciding on the optimal utilisation of Consolidated Entity resources.

Reportable segments disclosed are based on aggregating operating segments where they are considered to have similar geographical, economic and functional characteristics.

The Consolidated Entity operated geographically from Australia and China offering water treatment solutions ('Water'), metal resource recovery solutions ('Critical Metals') and also undertakes significant research and development in technologies applicable to both aforementioned solutions and emerging technology in graphene membrane production ('Tech').

During the financial year ended 30 June 2024, the Group took significant steps towards discontinuing its project delivery and manufacturing activities in its China operating segment. Operating Segment information has been presented to show the discontinued operation separately from continuing operations. Refer Note 8 for further information on discontinued operations.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Operating segment information

For the financial year ended 30 June 2024

Geographic location:	Australia		Tech	Total Reconciling Items	Total Continuing	China Discont'd	Total
	Water	Critical Metals					
Division:	\$	\$	\$	\$	\$	\$	\$
<b>External revenue and other income*</b>							
Project revenue	5,364,882	3,524,526	-	-	8,889,408	52,855	8,942,263
Test work and pilot plants	401,240	175,742	-	-	576,982	-	576,982
Aftermarket spares and services	208,027	-	-	-	208,027	-	208,027
Product sales revenue	2,000	-	126,499	-	128,499	179,913	308,412
Service fee income	-	1,295,073	-	-	1,295,073	-	1,295,073
Intellectual Property Revenue	400,000	-	-	-	400,000	-	400,000
R&D tax incentive income	-	-	529,503	-	529,503	-	529,503
Government tax relief income	-	-	-	178,212	178,212	-	178,212
Other income	-	-	-	23	23	749	772
<b>Total revenue and other income</b>	<b>6,376,149</b>	<b>4,995,341</b>	<b>656,002</b>	<b>178,235</b>	<b>12,205,727</b>	<b>233,517</b>	<b>12,439,244</b>
<b>EBITDA</b>	<b>(1,392,132)</b>	<b>504,009</b>	<b>(1,400,484)</b>	<b>(555,730)</b>	<b>(2,844,337)</b>	<b>(955,192)</b>	<b>(3,799,529)</b>
Depreciation expenses					(45,295)	(98,097)	(143,392)
Amortisation expenses					(331,293)	-	(331,293)
Net finance income					(3,084)	(2,001)	(5,085)
<b>Loss after income tax expense</b>					<b>(3,224,009)</b>	<b>(1,055,290)</b>	<b>(4,279,299)</b>

### Major customers

Revenue from two customers of the Consolidated Entity's Australian Water segments represented approximately \$5.3m and \$3.5m each of the total revenue.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

For the financial year ended 30 June 2023

<i>Geographic location:</i>	Australia		Tech	Total		China		Total
	Water	Critical Metals		Reconciling Items	Continuing	Discont'd		
<i>Division:</i>	\$	\$	\$	\$	\$	\$	\$	\$
<b>External revenue and other income*</b>								
Project revenue	11,152,763	-	-	-	11,152,763	4,176		11,156,939
Test work and pilot plants	96,476	257,351	-	-	353,827	-		353,827
Aftermarket spares and services	622,738	-	-	-	622,738	(8,046)		614,692
Product sales revenue	-	-	53,540	-	53,540	-		53,540
Service fee income	-	157,223	2,000	-	159,223	-		159,223
R&D tax incentive income	-	-	884,040	-	884,040	-		884,040
Other income	(1,584)	350,000	-	-	348,416	1,140		349,556
<b>Total revenue and other income</b>	<b>11,870,393</b>	<b>764,574</b>	<b>939,580</b>	<b>-</b>	<b>13,574,547</b>	<b>(2,730)</b>		<b>13,571,817</b>
<b>EBITDA</b>	<b>772,902</b>	<b>(285,498)</b>	<b>(1,191,564)</b>	<b>(2,888,661)</b>	<b>(3,592,821)</b>	<b>(1,487,331)</b>		<b>(5,080,152)</b>
Depreciation expenses					(51,287)	(168,450)		(219,737)
Amortisation expenses					(251,934)	-		(251,934)
Net finance income					74,905	(8,868)		66,037
<b>Loss after income tax expense</b>					<b>(3,821,137)</b>	<b>(1,664,649)</b>		<b>(5,485,786)</b>

### Major customers

Revenue from two customers of the Consolidated Entity's Australian Water segments represented approximately \$4.8m and \$4.6m each of the total revenue.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 6. Revenue and other income

	Consolidated	
	2024 \$	2023 \$
<b>Revenue</b>		
<i>Over time</i>		
Project revenue	8,889,408	11,152,763
Service fee income	1,295,073	159,223
<i>Point in time</i>		
Test work and pilot plants	576,982	353,827
Intellectual property revenue (i)	400,000	-
Aftermarket spares and services	208,027	622,738
Product sales revenue	128,499	53,540
<b>Total revenue</b>	<b>11,497,989</b>	<b>12,342,091</b>
<b>Other income</b>		
R&D tax incentive income – government grants	707,715	884,040
Other income (ii)	24	348,416
<b>Total other income</b>	<b>707,739</b>	<b>1,232,456</b>
<b>Other gains and losses</b>		
Net foreign exchange (loss)/gain	(43,875)	218,968
Loss on disposal of property, plant and equipment	-	-
<b>Total other gains and losses</b>	<b>(43,875)</b>	<b>218,968</b>
<b>Net finance income</b>		
Finance income	23,732	81,878
Finance costs	(26,816)	(6,973)
<b>Total net finance income</b>	<b>(3,084)</b>	<b>74,905</b>

- (i) During the financial year, the Consolidated Entity granted a perpetual, exclusive license to its largest customer in China for the right to use its intellectual property in the China Region for an upfront license fee of \$400,000. The license fee was granted as a distinct and primary component of a contract, with no ongoing highly inter-related obligations beyond knowledge transfer. The group fulfilled its obligations for granting control of the intellectual property and knowledge transfers prior to the end of financial period.
- (ii) Included in other income for the financial year ended 30 June 2023 is a \$350,000 once-off receipt from a customer for components of a pilot plant not returned or replaced.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Consolidated	
	2024	2023
	\$	\$
<b>Current contract balances</b>		
Receivables, which are included in 'receivables and prepayments' (Note 12)	1,166,360	822,233
Contract assets	559,700	2,189,840
Contract liabilities	(1,241,755)	200,652
<b>Non current contract balances</b>		
Contract assets	237,755	246,695

The contract assets primarily relate to the Group's application of percentage of completion for revenue recognition where the estimated stage of completion exceeds amounts billed at the reporting date on project revenue. Project revenue consists of equipment supply contracts, with or without installation and design and construct contracts. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to where amounts billed at the reporting date exceeds the estimated stage of completion at the reporting date on project revenue contracts or other obligations arising from contracts with customers. Contract liabilities were unaffected by common control business combinations in the period. Contract liabilities are released when the stage of completion matches or exceeds amounts billed or when obligations arising from contracts are met or discharged.

### Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by geographical market and primary solution business units of the Group. This disaggregation is in line with operating segments identified in Note 5.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 7. Expenses

	Consolidated	
	2024	2023
	\$	\$
<b>Raw materials and other direct costs</b>		
Raw materials	(6,352,630)	(4,602,198)
Subcontractors	(1,428,574)	(2,501,709)
Other direct costs	(1,064,290)	(642,919)
<b>Total raw materials and other direct costs</b>	<b>(8,845,494)</b>	<b>(7,746,826)</b>
<b>Marketing expenses</b>		
Marketing expenses	(69,540)	(110,035)
Corporate promotion	(124,561)	(75,930)
<b>Total marketing expenses</b>	<b>(194,101)</b>	<b>(185,965)</b>
<b>Other expenses</b>		
Insurance expense	(341,665)	(237,410)
Other expenses (IT, subscriptions, office expenses)	(478,054)	(1,022,535)
<b>Total other expenses</b>	<b>(819,719)</b>	<b>(1,259,945)</b>
<b>Employee benefits expenses</b>		
Wages and salaries	(3,663,248)	(3,909,748)
Employee entitlements	(297,695)	(454,530)
Superannuation	(431,826)	(448,988)
Equity-settled share-based payments	(145,286)	(52,974)
Contractors and consultants	(424,051)	(663,447)
Other costs (short-term Incentives, payroll taxes, workers' compensation)	(803,737)	(526,487)
<b>Total employee benefits expenses</b>	<b>(5,765,843)</b>	<b>(6,056,174)</b>

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 8. Discontinuing operations

#### Discontinuing of project delivery and manufacturing activities in China

On 18 December 2023, the Consolidated Entity executed a technology license agreement granting the exclusive rights to exploit the Group's technologies in the China region and a factory management and off-take agreement to its largest customer in China. As part of the agreement, the Consolidated Entity received a license fee of \$400K and entitlement to future royalties. Consequently, the Group is discontinuing project delivery and manufacturing activities in its China operating segment. In the future, the Consolidated Entity anticipates potential revenue streams from royalties, technical services and cost recoveries and may incur minimal administrative costs associated with entities in China.

The Group determined that its project delivery and manufacturing activities in China satisfied the criteria for classification as a discontinued operation. In doing so it considered factors including not limited to, managements and the groups plans, likelihood of completion of those plans, the disposal strategy and the impact on operations.

The comparative condensed consolidated statement of profit or loss and OCI, and condensed statement of cash flows have been re-presented to show the discontinued operation separately from continuing operations. To achieve this presentation, management has eliminated from the results of the discontinued operation any inter-segment sales (and costs thereof, less unrealised profits).

	Consolidated	
	2024	2023
	\$	\$
<b>Results of discontinuing operations</b>		
<b>Loss for the year from discontinued operations</b>		
Revenue	232,768	(3,870)
Other income	749	1,140
<b>Total revenue and other income</b>	<b>233,517</b>	<b>(2,730)</b>
Expenses	(1,288,807)	(1,661,920)
<b>Loss from discontinued operations before tax</b>	<b>(1,055,290)</b>	<b>(1,664,650)</b>
Income tax expense	-	-
<b>Loss from discontinued operations</b>	<b>(1,055,290)</b>	<b>(1,664,650)</b>
<b>Cash flows from discontinuing operations</b>		
Net cash used in operating activities	(500,632)	(1,214,615)
Net cash used in investing activities	-	(25,773)
Net cash used in financing activities	(30,360)	(45,644)
<b>Net cash flow for the period</b>	<b>(530,992)</b>	<b>(1,286,032)</b>

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 9. Investments in joint ventures

Investments in joint ventures currently comprises the Group's interest in the equity-accounted investee, Go2Lithium Inc.

During the financial year, the Group acquired a 50% interest in Go2Lithium Inc, a joint venture formed with Computational Geosciences Inc, a company domiciled in Canada. The company is dedicated to lithium-focused endeavours, with activities directed towards integrating our proprietary ion exchange technology, including continuous Direct Lithium Extraction (cDLE®) technology into the rapidly evolving markets related to lithium production from brine for the lithium battery market. The accounting policies of the joint venture, which have been applied in determining the financial information shown below, are the same as those applied by the Group.

Clean Teq Water Operations Pty Ltd currently provides ongoing equipment and engineering services under a technology services agreement with Go2Lithium Inc, refer Note 27 for details of related party balances and transactions.

The jointly controlled entity Go2Lithium Inc. has elected to account for its equity instruments currently held at fair value through other comprehensive income, which are marked to market based on the Canadian stock exchange price.

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Summarised statement of financial position of Go2Lithium Inc</b>		
Current assets	3,508,721	-
Non current assets	126,491	-
Current liabilities	(532,217)	-
Non current liabilities	(108,811)	-
<b>Equity</b>	<b>2,994,184</b>	<b>-</b>
Group's share in equity – 50%	1,497,092	-
<b>Group's carrying amount of the investment</b>	<b>1,497,092</b>	<b>-</b>
<b>Summarised statement of profit or loss and other comprehensive income of Go2Lithium Inc</b>		
Revenue	4,404,535	-
Expenses	(539,937)	-
<b>Profit before tax</b>	<b>3,864,598</b>	<b>-</b>
Income tax expense	64,825	-
<b>Profit for the period</b>	<b>3,929,423</b>	<b>-</b>
Group's share of profit for the period – 50%	1,964,712	-
Foreign Operations - foreign currency translation differences	(79,858)	-
Equity investments at FVOCI - net change in fair value	(857,708)	-
<b>Other comprehensive income for the period</b>	<b>(937,566)</b>	<b>-</b>
<b>Group's share of other comprehensive income for the period – 50%</b>	<b>(468,783)</b>	<b>-</b>
	-	-
<b>Total comprehensive income for the period</b>	<b>2,991,857</b>	<b>-</b>
<b>Group's share of total comprehensive income for the period – 50%</b>	<b>1,495,929</b>	<b>-</b>

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 10. Income tax benefit

	Consolidated 2024 \$	2023 \$
<b>Loss before income tax from continuing operations</b>	<b>(3,224,009)</b>	<b>(3,821,136)</b>
Tax at the statutory tax rate of 25%	(806,002)	(955,284)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	36,321	13,244
Other non-deductible expenses	578,614	472,036
Expenditure subject to research and development tax incentives	250,218	412,932
Other assessable income	786,050	20,000
Non-assessable research and development tax incentive income (i)	(204,842)	(191,911)
Other income not included in assessable income	(12,029)	(649,524)
Deduction for decline in value of depreciating assets	(13,833)	(2,671)
Other deductible expenses	(420,299)	(355,035)
Deferred tax asset on Group losses not booked	290,079	1,296,820
Deferred tax asset on overseas losses not booked	3,828	(59,816)
Tax rate differential on overseas losses (8.5% to 25.8%)	3,073	(791)
Share of profit of equity-accounted investees reported, net of tax	(491,178)	-
Income tax expense/(benefit)	-	-

	Consolidated 2024 \$	2023 \$
<i>Tax losses for which no deferred tax asset has been recognised:</i>		
Unused Australian tax losses (ii)	11,419,421	10,490,988
Potential tax benefit @ 25%	2,622,747	2,622,747
<i>Unused overseas tax losses</i>		
Peoples Republic of China, expiring within 1 year	1,901,228	1,325,269
Peoples Republic of China, expiring within 2 -5 years	6,798,219	7,559,143
Hong Kong Special Administrative Region	-	-
Netherlands	-	-
Temporary differences not brought to account	857,684	565,953

- (i) Non-assessable research and development tax incentive income relates to ATO tax incentives received.
- (ii) Tax benefits for tax losses not recognised in the statement of financial position, which can be carried forward indefinitely, can only be utilised in the future if the Consolidated Entity generates taxable profits and if the continuity of ownership test is passed, or failing that, the same business test is passed.

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 11. Cash and cash equivalents

	Consolidated	
	2024	2023
	\$	\$
Cash at bank and on hand	1,933,230	4,631,686
Bank short-term deposits (i)	-	-
<b>Total cash assets</b>	<b>1,933,230</b>	<b>4,631,686</b>

#### (i) Short-term deposits

The average interest rate on short-term bank deposits is credited at prevailing market rates. The weighted average interest rate during the previous reporting period was 3.1%, there were no short-term bank deposits entered into in the current reporting period. Deposits typically have a maximum maturity of three months from origination. Any balances with maturities exceeding this have been disclosed as other financial assets.

#### (i) Financing arrangements

Security bonds of \$216,201 (2022: \$216,201) were provided on Bank Guarantees secured against amounts held within a restricted Cash Deposit Account issued in accordance with contractual performance obligations. \$40,000 relates to security deposits on right-of-use assets and leases; \$176,201 is for ensuring the proper performance of major works contracts.

### Note 12. Receivables and prepayments

	Consolidated	
	2024	2023
	\$	\$
Trade receivables	1,166,360	822,233
Trade receivables due from equity-accounted investees (Note 27)	1,295,073	-
Research and development incentive receivable	435,379	725,245
Prepayments	384,344	369,199
GST receivable	120,412	66,048
Other receivables	19,490	21,714
<b>Receivables and prepayments</b>	<b>3,421,058</b>	<b>2,004,439</b>

The research and development incentive receivable represents the estimated refund due to the Consolidated Entity on expenditure incurred during the current financial year which is eligible for research and development tax concessions.

The Consolidated Entity's policy is to write off debts when there is no longer a reasonable expectation of recovery, including, but not limited to, customer bankruptcy, contractual default, failed negotiations or arbitration. Debts that are written off are still subject to enforcement activity. Any write-off of debt is presented to and approved by the Clean TeQ Water Audit and Risk Committee.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Ageing analysis

At 30 June 2024, the age profile of trade receivables that were past due amounted to \$53,779 (2023: \$338,748) as shown in the following table.

**The ageing analysis of trade receivables is shown as follows:**

Past due by 1–30 days  
Past due by 31–60 days  
Past due by 61–90 days  
Past due by greater than 90 days

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Past due by 1–30 days	37,894	212,346
Past due by 31–60 days	-	38,236
Past due by 61–90 days	-	27,830
Past due by greater than 90 days	15,885	60,336
	<b>53,779</b>	<b>338,748</b>

The ageing analysis of trade receivables as shown is based on the Consolidated Entity's standard terms with the relevant unrelated customers; however, the complex nature of individual contracts with variable performance obligations and milestone negotiations can result in a protracted ageing profile.

Subsequent to year end 94% of the Trade Receivables balance and 0% of the amounts aged above have been collected. Correspondence with counterparties for the balance of the amounts owing has not identified any specific additional credit risk and the company is expecting all amounts to be collected in full.

The Consolidated Entity has trade receivables due from equity-accounted investees of \$1,295,073 (2023: \$nil) which are at call at the discretion of the Consolidated Entity. The amounts are payable by the Joint Venture Go2Lithium Inc. Go2Lithium Inc has liquid assets associated with shareholdings on the TSX, which are sufficient to meet its obligations to the Consolidated Entity and any other liabilities should the Consolidated Entity seek settlement. As such no specific credit risk has been identified relating to these amounts to be collected.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 13. Property, plant and equipment

	Consolidated 2024 \$	2023 \$
Plant and Equipment - at cost	800,255	800,424
Less: Accumulated depreciation	(663,786)	(626,370)
	136,469	174,054
Office equipment and furniture - at cost	481,706	445,131
Less: Accumulated depreciation	(136,633)	(83,791)
	345,073	361,340
Motor vehicles - at cost	42,763	42,763
Less: Accumulated depreciation	(15,982)	(10,622)
	26,781	32,141
Leasehold improvements - at cost	365,469	365,844
Less: Accumulated depreciation	(352,662)	(333,817)
	12,807	32,027
Assets under construction - at cost	37,519	53,994
<b>Total property, plant and equipment</b>	<b>558,649</b>	<b>653,556</b>

#### Reconciliations of carrying amount

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant & equipment \$	Office equipment & furniture \$	Leasehold improvements \$	Motor vehicles \$	Assets under construction	Total \$
Balance as at 30 June 2022	94,540	327,014	70,810	37,486	27,816	557,666
Additions	115,916	61,557	-	-	47,441	224,914
Transfer between asset classes		21,246			(21,246)	-
Disposals	-	-	-	-	-	-
Net foreign exchange movement	(4,070)	(12,449)	(1,171)	-	(17)	(17,707)
Depreciation expense	(32,332)	(36,028)	(37,612)	(5,345)	-	(111,317)
Balance as at 30 June 2023	<b>174,054</b>	<b>361,340</b>	<b>32,027</b>	<b>32,141</b>	<b>53,994</b>	<b>653,556</b>
Additions	-	10,333	-	-	16,945	27,278
Transfer between asset classes	-	33,421	-	-	(33,421)	-
Disposals	-	(6,615)	-	-	-	(6,615)
Net foreign exchange movement	331	(16)	225	(1)	1	540
Depreciation expense	(37,916)	(53,390)	(19,445)	(5,359)	-	(116,110)
Balance as at 30 June 2024	<b>136,469</b>	<b>345,073</b>	<b>12,807</b>	<b>26,781</b>	<b>37,519</b>	<b>558,649</b>

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 14. Interest bearing liabilities

	Consolidated	
	2024	2023
	\$	\$
<b>Interest bearing liabilities</b>		
<b>Current</b>		
<i>Secured liabilities</i>		
Premium financing (i)	(267,960)	(239,729)

- (i) Premium financing

The key terms of the premium financing arrangements entered into in the reporting period are;

- the financing has a fixed interest rate of 7.94% (2023: 7.27%); and
- the finance is secured against rights, claim proceeds or refund proceeds of funded policies.

Non-derivative interest bearing liabilities are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Refer Note 23 for further information on financial instruments.

### Note 15. Intangible assets

	Consolidated	
	2024	2023
	\$	\$
<b>Research &amp; development costs (i)</b>		
Capitalised development costs - at cost	2,610,289	2,610,289
Less: Accumulated amortisation and impairments	(652,311)	(434,873)
	1,957,978	2,175,416
Patents and trademarks - at cost	3,101,916	101,916
Less: Accumulated amortisation and impairments	(182,841)	(68,986)
	2,919,075	32,930
Licence rights - at cost	20,000	20,000
Less: Impairments	-	-
	20,000	20,000
<b>Total intangible assets</b>	4,897,053	2,228,346

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Reconciliation of carrying amount

Reconciliations of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

	Capitalised development costs	Licence rights	Patents and trademarks	Total
Consolidated	\$	\$	\$	\$
Cost at 1 July 2022	2,610,289	20,000	101,916	2,732,205
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Cost at 30 June 2023</b>	<b>2,610,289</b>	<b>20,000</b>	<b>101,916</b>	<b>2,732,205</b>
Accumulated amortisation and impairments at 1 July 2022	(217,435)	-	(34,490)	(251,925)
Amortisation expense	(217,438)	-	(34,496)	(251,934)
<b>Accumulated amortisation and impairments at 1 July 2022</b>	<b>(434,873)</b>	<b>-</b>	<b>(68,986)</b>	<b>(503,859)</b>
Carrying amount at 1 July 2022	2,392,854	20,000	67,426	2,480,280
<b>Carrying amount at 30 June 2023</b>	<b>2,175,416</b>	<b>20,000</b>	<b>32,930</b>	<b>2,228,346</b>
Cost at 1 July 2023	2,610,289	20,000	101,916	2,732,205
Additions	-	-	3,000,000	3,000,000
Disposals	-	-	-	-
<b>Cost at 30 June 2024</b>	<b>2,610,289</b>	<b>20,000</b>	<b>3,101,916</b>	<b>5,732,205</b>
Accumulated amortisation and impairments at 1 July 2023	(434,873)	-	(68,986)	(503,859)
Amortisation expense	(217,438)	-	(113,855)	(331,293)
<b>Accumulated amortisation and impairments at 1 July 2023</b>	<b>(652,311)</b>	<b>-</b>	<b>(182,841)</b>	<b>(835,152)</b>
Carrying amount at 1 July 2023	2,175,416	20,000	32,930	2,228,346
<b>Carrying amount at 30 June 2024</b>	<b>1,957,978</b>	<b>20,000</b>	<b>2,919,075</b>	<b>4,897,053</b>

On 29 September 2023 the Consolidated Entity was assigned a suite of patents from Soane Labs LLC relating to the ATA® technology for an upfront purchase consideration of \$3,000,000 (being the agreed purchase price) The transaction was settled through the issuance of 7,178,033 fully paid ordinary shares in Clean TeQ at a price of \$0.418. The patents were capitalised at the full value of the consideration, which is equal to the fair value of the assets and is being amortised over an expected useful life of 20 years.

### Amortisation

The amortisation of development costs are allocated to expenses within the consolidated statement of profit or loss and other comprehensive income.

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Impairment Test

The Group has identified that there are three Cash Generating Units (CGUs) which are aligned with the operating segments disclosed in Note 5 and against which capitalised research and development costs and other intangible assets with finite lives are allocated. Intangible assets have been allocated to each CGU as follows:

Allocation of intangible assets to cash generating units (CGUs)	Capitalised development costs	Licence rights	Patents and trademarks	Total
	\$	\$	\$'	\$
<i>As at 30 June 2024:</i>				
Water Treatment Solutions	923,328	-	13,480	936,808
Critical Metals & Mine Tailings Management *	1,034,650	-	2,890,184	3,924,834
Graphene Membranes	-	20,000	4,910	24,910
Not allocated	-	-	10,501	10,501
	<u>1,957,978</u>	<u>20,000</u>	<u>2,919,075</u>	<u>4,897,053</u>
<i>As at 30 June 2023:</i>				
Water Treatment Solutions	1,037,303	-	14,351	1,051,654
Metal Resource Recovery Solutions *	1,138,113	-	2,851	1,140,964
Graphene Membranes	-	20,000	5,227	25,227
Not allocated	-	-	10,501	10,501
	<u>2,175,416</u>	<u>20,000</u>	<u>32,930</u>	<u>2,228,346</u>

\* Metal Resource Recovery Solutions has been renamed to Critical Metals and Mine Tailings Management for the financial year ended 30 June 2024, with the acquisition of ATA® technology allocated to this CGU currently due to the shared resources & expertise utilised, and target industries across both solutions. As the business continues to develop the commercialisation of the new ATA® technology, the identifiable CGUs and operating segments disclosed in Note 5 will continue to evolve.

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired by considering both internal and external sources information, described in paragraph 12 of AASB 136 Impairment of Assets. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

At the 30 June 2024 the Consolidated Entity considered the internal and external sources of information, as they relate to each of the CGUs, Water Treatment Solutions, Critical Metals & Mine Tailings Management and Graphene Membranes, and did not identify any indicators of impairment. No impairment loss was recognised (2023: \$nil).

### Note 16. Trade and other payables

	Consolidated 2024	2023
	\$	\$
Trade payables	1,370,202	1,275,093
Payroll tax and other statutory liabilities	392,883	452,128
Accrued expenses and other payables	474,332	697,776
	<u>2,237,417</u>	<u>2,424,997</u>

Refer Note 23 for further information on financial instruments.



# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 17. Employee benefits

Aggregate liability for employee benefits, including on-costs:

	Consolidated	
	2024	2023
	\$	\$
Annual leave provision – Current	418,479	368,658
Long service leave provision – Current	204,558	220,300
Long service leave provision – Non-current	86,697	84,099
	<b>709,734</b>	<b>673,057</b>
Current – Employee provision	623,037	588,958
Non-current – Employee provision	86,697	84,099
Total employee benefits	<b>709,734</b>	<b>673,057</b>

A reconciliation of movement for the year for all employee provisions is provided in the following table.

	Annual leave \$	Long service leave \$	Total \$
Balance as at 1 July 2022	295,828	283,199	579,027
Provision utilised	(262,944)	(38,720)	(301,664)
Charges raised	335,774	59,920	395,694
Balance at 30 June 2023	<b>368,658</b>	<b>304,399</b>	<b>673,057</b>
Balance as at 1 July 2023	368,658	304,399	673,057
Provision utilised	(221,071)	(18,759)	(239,830)
Charges raised	270,892	5,615	276,507
Balance at 30 June 2024	<b>418,479</b>	<b>291,255</b>	<b>709,734</b>

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 18. Provisions

	Consolidated 2024 \$	2023 \$
<i>Provisions – Current</i>		
Leased premises provision for make good	59,952	59,952
Provisions for rectification (i)	278,268	-
<i>Provisions – Non-current</i>		
Provisions for rectification (i)	933,272	835,339
	<b>1,271,492</b>	<b>895,291</b>

These provisions for rectification relate to the delivery of new water treatment technologies with limited previous claims experience and as such have been calculated based on management's estimates for future rectification obligations. At a minimum, the provision for rectification has been calculated using the retention values defined in project contracts, adjusted for the probability of defect costs occurring based on project progress and development.

	Provision for make good \$	Provisions for rectification \$	Total \$
Balance at 1 July 2022	59,952	665,252	725,204
Provision made	-	298,374	298,374
Provision reversed	-	(128,287)	(128,287)
Provision utilised	-	-	-
Balance at 30 June 2023	59,952	835,339	895,291
Balance at 1 July 2023	59,952	835,339	895,291
Provision made	-	376,201	376,201
Provision reversed	-	-	-
Provision utilised	-	-	-
Balance at 30 June 2024	59,952	1,211,540	1,271,492

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 19. Share capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares – fully paid	69,635,572	57,710,298	9,341,508	4,956,768
Capital raising costs			(440,740)	(252,009)
Contributed equity	69,635,572	57,710,298	8,900,768	4,704,759

#### Movements in ordinary share capital

##### Details

	Date	Shares	Issue price	\$
Opening balance at 1 July 2022	1 July 2022	44,666,174		1
Share issue through placement – Tranche 1	3 Nov 2022	6,588,861	\$0.38	2,503,767
Share issue through placement – Tranche 2	20 Dec 2022	6,455,263	\$0.38	2,453,000
Transaction costs relating to placement <sup>1</sup>				(252,009)
Closing balance at 30 June 2023		57,710,298		4,704,759
Opening balance at 1 July 2023				
Shares granted upon vesting performance rights	7 Jul 2023	166,282	-	-
Shares issued pursuant to technology acquisition	29 Sep 2023	7,178,033	\$0.417942	3,000,001
Shares granted upon vesting performance rights	17 Jan 2024	114,058	-	-
Share issue through placement	6 May 2024	3,919,179	\$0.31	1,214,945
Share issue through placement	7 May 2024	547,722	\$0.31	169,794
Transaction costs relating to placement <sup>1</sup>				(188,731)
Closing balance at 30 June 2024		69,635,572		8,900,768

1. Directly attributed costs incurred in raising capital presented as a reduction in equity.

#### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. All ordinary shares rank equally with regard to the Consolidated Entity's residual assets. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

#### Share buy-back

There is no current on-market share buy-back.

#### Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Consolidated Entity defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends likely to be proposed and paid to ordinary shareholders.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 20. Equity – reserves and non-controlling interests (NCI)

	Consolidated	
	2024	2023
	\$	\$
<i>Reserves</i>		
Business combination reserve (i)	19,431,369	19,431,369
Translation reserve (ii)	(76,864)	(33,437)
Share-based payments reserve (iii)	581,711	436,426
Fair value reserve	(428,854)	-
<b>Total reserves</b>	<b>19,507,362</b>	<b>19,834,358</b>

- (i) The business combination reserve accounts for fair value adjustments of the assets and liabilities of entities resulting from common control business combinations not required to be accounted for under AASB 3 Business Combinations.
- (ii) The translation reserve records exchange differences arising on translation of overseas subsidiaries.
- (iii) The share-based payments reserve is used to recognise share-based payments made to employees under the Employee Share Scheme and Employee Incentive Plan.
- (iv) The non-controlling interests reserve represents the share of equity not attributable to the owners of Clean TeQ Water Limited.

#### *Movements in reserves and non-controlling Interests*

Movements in each class of reserve during the current and previous financial year are set out below:

	Business combination reserve	Translation reserve	Share-based payments	Fair value reserve	Total
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2022	19,431,369	(12,430)	383,451	-	19,802,390
Foreign Operations - foreign currency translation differences (i)		(21,007)		-	(21,007)
Share Based payments (Note 33)			52,975	-	52,975
Balance at 30 June 2023	19,431,369	(33,437)	436,426	-	19,834,358
Balance at 1 July 2023	19,431,369	(33,437)	436,426	-	19,834,358
Foreign Operations - foreign currency translation differences (i)	-	(3,498)		-	(3,498)
Share of other comprehensive income of equity-accounted investees	-	(39,929)		(428,854)	(468,783)
Share Based payments (Note 33)	-	-	145,285	-	145,285
Balance at 30 June 2024	19,431,369	(76,864)	581,711	(428,854)	19,507,362

- (i) Foreign Operations - foreign currency translation differences

The assets and liabilities of foreign operations are translated into the functional and reporting currency using the prevailing exchange rates at the reporting date. Income and expense transactions are translated into the reporting currency at the date of the transactions. The resulting differences are recognized in other comprehensive income and accumulated in the translation reserve.

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 21. Equity – accumulated losses

	Consolidated	
	2024	2023
	\$	\$
Accumulated losses at the beginning of the financial year	(16,549,657)	(11,063,871)
Net loss attributable to owners of the Company	(4,279,299)	(5,485,786)
	(20,828,956)	(16,549,657)

### Note 22. Dividends

#### *Dividends*

There were no dividends paid, recommended or declared during the current financial year or the previous financial year.

### Note 23. Financial instruments

#### **Financial risk management objectives**

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program involves continuous identification, monitoring and management of risks to ensure both short-term and longer-term strategic and business objectives continue to be met. Methods the Consolidated Entity uses to measure different types of risk to which it is exposed include sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis and credit rating exposure for credit risk.

Risk management is carried out by senior finance executives under policies approved by the Board of Directors. These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits.

The Consolidated Entity has exposure to the following risks from its use of financial instruments:

- market risk;
- credit risk; and
- liquidity risk.

Finance identifies, evaluates and manages financial risks within the Consolidated Entity's operating units and reports to the Board on a monthly basis details regarding prevailing interest rates on cash balances, banking institution credit exposure, customer ageing and contractual credit exposures and foreign currency exposure.

This note presents information about the Consolidated Entity's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout this Financial Report.

The Board of Directors has overall responsibility for the establishment and oversight of the Risk Management Framework. The Board is responsible for developing and monitoring risk management policies.

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

At reporting date, the Group had the following exposures to foreign currency, converted to AUD:

### 2024

	RMB	USD	HKD	EUR	ZAR	CAD
Bank accounts	-	449,188	715	45,972	-	-
Receivables	-	53,779	-	-	-	1,295,073
Payables	-	(14,460)	-	(2,573)	(13,153)	4,269
Investments in Joint Ventures	-	-	-	-	-	1,497,092
<b>Gross balance sheet exposure</b>	<b>-</b>	<b>488,507</b>	<b>715</b>	<b>43,399</b>	<b>(13,153)</b>	<b>2,796,434</b>

### 2023

	RMB	USD	HKD	EUR	ZAR	CAD
Bank accounts	-	826,163	21,714	-	-	-
Receivables	-	540,603	-	-	-	-
Payables	-	(25,599)	-	(13,542)	(2,749)	-
<b>Gross balance sheet exposure</b>	<b>-</b>	<b>1,341,167</b>	<b>21,714</b>	<b>(13,542)</b>	<b>(2,749)</b>	<b>-</b>

Investments in Joint Ventures comprises the Group's interest in the equity-accounted investee, Go2Lithium Inc. The net investment represents the Group's initial acquisition and rights to the net assets of the arrangement. Any changes in the value of the Group's investments in joint ventures arising from foreign currency exchange rate fluctuations are recognised in other comprehensive income.

The Consolidated Entity had net liabilities denominated in foreign functional currencies of \$358,238 as at 30 June 2024 (2023: \$810,291).

Based on this exposure, the following sensitivity analysis has been performed. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

A 10% strengthening or weakening of the Australian dollar applied against the gross balance sheet exposure in the above table in respect of the above currencies at the reporting dates would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other

## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

variables, in particular interest rates, remain constant. A sensitivity of 10% has been selected as this is considered reasonable taking into account the current level of exchange rates and the volatility observed both on a historical basis and on market expectations for future movements. There is no impact on equity.

#### 2024

Exposure	Equity		Profit and loss	
	Strengthening	Weakening	Strengthening	Weakening
Gross balance	-	-	(322,173)	339,295
sheet exposure				

#### 2023

Exposure	Equity		Profit and loss	
	Strengthening	Weakening	Strengthening	Weakening
Gross balance	-	-	(135,521)	133,954
sheet exposure				

#### *Interest rate risk*

The Consolidated Entity has term deposits for surplus cash holdings and as security for bank guarantees and credit card debts as well as at call deposit facilities with variable interest rates. The Consolidated Entity currently has no debt. Accordingly, the Consolidated Entity has limited exposure to interest rate movements and as such, has no material exposure to interest rate risk; a reasonably possible 100 basis points change in interest rates would not impact equity and profit or loss significantly.

#### *Credit risk*

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Entity's receivables from customers.

Credit risk is managed through the maintenance of procedures (such procedures include monitoring of exposures, payment cycles and monitoring of the financial stability of significant customers and counterparties) ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms differ between each key business but are generally 30 to 60 days from end of month.

#### *Trade and other receivables and contract assets*

	2024		2023	
	Australia	China	Australia	China
Trade receivables	1,166,360	-	740,659	81,574
Trade receivables due from equity-accounted investees	1,295,073	-	-	-
Other receivables	6,134	13,357	7,614	14,100
Contract assets – current	549,200	10,500	2,189,840	94,155
Contract assets – non current	237,755	-	246,695	-
<b>Gross balance sheet exposure</b>	<b>3,254,522</b>	<b>23,857</b>	<b>3,184,808</b>	<b>189,829</b>

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

The Consolidated Entity's exposure to credit risk relating to trade and other receivables of \$2,480,924 (2023: \$843,947) and contract assets of \$797,455 (2023: \$2,436,535) is influenced mainly by the individual characteristics of each debtor. The nature of the Consolidated Entity's customer base, which commonly includes municipal entities and large industrial or mining entities, as well as the default risk of the industries and countries in which customers operate, has low credit risk. At the balance sheet date there were no credit impaired trade receivables or contract assets.

The Consolidated Entity is exposed to credit risk in relation to contract assets of \$797,455 (2023: \$2,436,535) and project-related trade receivables. The Board has established a counterparty risk assessment policy under which each new significant customer is analysed individually for creditworthiness and other risks before the Consolidated Entity's standard payment and delivery terms and conditions are offered. Each new major contract of works to be undertaken by the Consolidated Entity must be approved by the Board prior to the contract being signed.

Many of the Consolidated Entity's customers are typically large government or publicly owned corporations. Losses relating to recovery of amounts owing to the Consolidated Entity have occurred very infrequently since the inception of the business. The majority of sales transactions undertaken by the Consolidated Entity require the customer to make payments as contract milestones are achieved. Failure of the customer to make payment by the due date will result in the further supply of goods and services being put on hold until such time as payment is received by the Consolidated Entity.

At the year end, the majority of the Consolidated Entity's open projects are close to a stage of completion (within 6-18 months), for which no adverse financial indicators have been identified on the individual customers' ability to pay and minimal impact is expected based on the Group's view of economic conditions over the expected lives of the receivables and contract assets. At the reporting date the carrying amount of trade receivables and contract assets from the Group's most significant customer was \$573,495 (2023: \$880,645).

### *Expected credit loss assessment*

The Consolidated Entity uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and nature of projects performed.

### *Guarantees*

The Consolidated Entity's policy is to provide financial guarantees only to wholly-owned subsidiaries. As at the reporting date, there are no outstanding guarantees.

### *Cash and cash equivalents*

The Consolidated Entity held cash and cash equivalents of \$1,933,230 as at 30 June 2024 (2023: \$4,631,686). The cash and cash equivalents are held with top tier banks in accordance with a Board-approved credit risk management policy.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its obligations associated with its financial liabilities as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity adopts milestone and progress invoicing, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of not less than 90 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

### Exposure to liquidity risk

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments.

	Contractual cash flows					Total \$
	Carrying amount \$	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	
<b>Consolidated</b>						
<b>2024</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	1,370,202	(1,370,202)	-	-	-	(1,370,202)
Other payables	474,332	(474,332)	-	-	-	(474,332)
Contract liabilities	1,241,755	(1,241,755)	-	-	-	(1,241,755)
Lease liabilities	75,340	(75,460)	-	-	-	(75,460)
<i>Interest bearing</i>						
Interest bearing liabilities	267,960	(277,582)	-	-	-	(277,582)
Total non-derivatives	3,429,589	(3,439,331)	-	-	-	(3,439,331)
<b>2023</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	1,275,093	(1,275,093)	-	-	-	(1,275,093)
Other payables	697,776	(697,776)	-	-	-	(697,776)
Contract liabilities	200,652	(200,652)	-	-	-	(200,652)
Lease liabilities	103,420	(90,672)	(15,112)	-	-	(105,784)
<i>Interest bearing</i>						
Interest bearing liabilities	239,729	(247,355)	-	-	-	(247,355)
Total non-derivatives	2,516,670	(2,511,548)	(15,112)	-	-	(2,526,660)

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

### **Accounting classifications and fair values**

Trade and other receivables, including cash and cash equivalents, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Trade and other payables are measured at fair value on recognition and at amortised cost using the effective interest rate method subsequently. Due to their short-term nature, neither trade and other receivables nor trade and other payables are discounted. Financial assets and liabilities carrying amount approximates to fair value.

### **Note 24. Key management personnel disclosures**

#### *Directors*

The following persons were Directors of Clean TeQ Water Limited during the financial year:

Ian Knight (Chairman from 1 May 2023; Lead Independent Non-Executive Director until 30 April 2023)

Sam Riggall (Non-Executive Director)

Robyn McLeod (Independent Non-Executive Director)

#### *Other key management personnel*

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, during the financial year:

Peter Voigt (CEO from 30 August 2024. Interim CEO from 1 May 2023 until 29 August 2024.

Executive Director from 1 May 2023. Executive Chairman and CTO until 30 April 2023)

Magda Klapakis (Chief Financial Officer – appointed 1 July 2021)

#### *Compensation*

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	839,892	1,127,642
Post-employment benefit	67,602	63,769
Other long-term benefits	1,629	1,511
Share-based payments	69,029	73,021
	<b>978,152</b>	<b>1,265,943</b>

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and its affiliate Grant Thornton Australia Limited:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services</i>		
Audit or review of the financial statements		
Auditors of the Company – Grant Thornton Audit Pty Ltd	93,050	78,141
	93,050	78,141
<i>Other services *</i>		
Tax compliance and advisory services – Grant Thornton Australia Limited	19,570	21,000
	19,570	21,000

\* During the financial year, Grant Thornton LLP, of Vancouver, BC, Canada provided Canadian Tax compliance services to the Go2Lithium Inc. joint venture and its subsidiaries. Fees paid or payable on a time incurred basis for the financial year are CAD \$ 25,990.

### Note 26. Contingent liabilities

There are no contingent liabilities outstanding at 30 June 2024.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 27. Related party disclosures

#### *Parent Entity*

Clean TeQ Water Limited is the Parent Entity.

#### *Subsidiaries*

Interests in subsidiaries are set out in Note 29.

#### *Key management personnel*

Disclosures relating to key management personnel are set out in Note 24.

#### *Transactions with related parties*

During the financial year, the Group acquired a 50% interest in Go2Lithium Inc, a joint venture formed with Computational Geosciences Inc, a company domiciled in Canada. The 50% interest was acquired at an arms length basis, under a technology license agreement, as the market value consideration for granting Go2Lithium exclusive rights to exploit the Group's technologies for the extraction of lithium salts from aqueous sources.

Clean Teq Water Operations Pty Ltd currently provides ongoing equipment and engineering services under a technology services agreement with Go2Lithium Inc. Amounts billed in relation to the technology services agreement in the year ended 30 June 2024 were \$1,295,073 (2023: \$nil).

Peter Voigt is a director of both Clean Teq Water Limited and Go2Lithium Inc.

#### *Receivable from and payable to related parties*

Trading amounts due from Go2Lithium Inc at the 30 June 2024 amounted to \$1,295,073 (2023: \$nil).

#### *Loans to/from related parties*

At 30 June 2024, there was amounts due from the joint venture Go2Lithium Inc of \$50,509 (2023: \$nil) relating to Go2Lithium Inc suppliers paid by Clean Teq Water Operations Pty Ltd on their behalf.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 28. Parent Entity

As at 30 June 2024 and throughout the financial year ending on that date, the parent company of the Consolidated was Clean TeQ Water Limited.

Set out below is the supplementary information about the Parent Entity.

#### Results of the Parent Entity

	Parent	
	2024	2023
	\$	\$
Profit(loss) after income tax for the year	(50,981)	(50,981)
Total comprehensive income/(loss) for the year	(50,981)	(50,981)

#### Financial position of the Parent Entity at year end

	Parent	
	2024	2023
	\$	\$
Current assets	986,097	20,684
Non-current assets	6,593,077	4,686,072
Total assets	7,579,174	4,706,756
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Net Assets	7,579,174	4,706,756
Issued capital	8,900,768	4,704,759
Share-based payment reserve	581,711	436,426
Accumulated losses	(1,903,305)	(434,429)
Total equity	7,579,174	4,706,756

#### Guarantees entered into by the Parent Entity in relation to the debts of its subsidiaries

The Parent Entity and the subsidiaries are not a party to a deed of gross guarantee.

#### Contingent liabilities

The Parent Entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

#### Capital commitments - Property, plant and equipment

The Parent Entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023 or since the end of the financial year.

#### Significant accounting policies

The accounting policies of the Parent Entity are consistent with those of the Consolidated Entity, as disclosed in Note 3, except for the following:

- investments in subsidiaries are accounted for at cost, less any impairment, in the Parent Entity;
- investments in associates are accounted for at cost, less any impairment, in the Parent Entity; and
- dividends received from subsidiaries are recognised as other income by the Parent Entity and its receipt may be an indicator of an impairment of the investment.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 3:

Name	Principal place of business/ country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Clean TeQ Water Operations Pty Ltd	Australia	100%	100%
LiXiR Functional Foods Pty Ltd *	Australia	100%	100%
CLQW HK Limited	Hong Kong	100%	100%
Clean TeQ Environmental Protection Technology (Beijing) co., Ltd	China	100%	100%
Tianjin Clean TeQ Biology Co., Ltd	China	100%	100%
NematiQ Pty Ltd	Australia	100%	100%
NematiQ Holding Pty Ltd	Australia	100%	100%
Clean TeQ Water B.V	Netherlands	100%	100%
Go2Lithium Inc**	Canada	50%	50%

\* LiXiR Functional Foods Pty Ltd was deregistered on the 19 July 2023

\*\* G2L Greenview resources Inc (G2L), a fully owned subsidiary of Go2Lithium Inc, was established in Canada 4 August 2023.

The ultimate Parent Entity within the Group is Clean TeQ Water Limited.

### Note 30. Events after the reporting period

On 18 July 2024, the Company announced the successful completion of the Company's Share Purchase Plan (SPP), as announced on 29 April 2024. The SPP raised \$608,100. The Company received applications for 1,961,569 New Shares and 637,703<sup>1</sup> New Options, which were accepted in full and issued on 18 Jul 2024. The Company also issued 1,488,957 New Options to existing investors under the Placement Tranche 1.

On 29 July 2024, the Company announced it had received \$200,000 as part of the Tranche 2 Placement. 642,162 fully paid ordinary shares and 215,054 New Options were issued under this tranche. The capital raising has now closed.

On 30 July 2024, the Company announced that it had entered into a term loan funding agreement with Amal Security Services Pty Limited (as trustee for Causeway Wholesale Private Debt Master Fund) ('Causeway') for a debt financing facility ('Term Loan Facility') of up to \$2 million.

The Term Loan Facility consists of a Senior Secured Debt Facility of \$2 million. The initial loan term is 2 years, with an option for Clean TeQ to extend the Term Loan Facility for a further 12 months.

The intention to utilise a debt financing facility was announced as part of the total funding package on 29 April 2024 and follows the completion of a share purchase plan (SPP) as announced on the 18 July 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

On 30 August 2024 Peter Voigt was appointed CEO. Peter Voigt held the position of Interim CEO up until that date.

<sup>1</sup> This number excludes the New Options proposed to be issued to participating directors in the SPP, which remain subject to shareholder approval.

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 31. Reconciliation of cash used in operating activities

	Consolidated 2024 \$	2023 \$
Loss after income tax expense for the year	(4,279,299)	(5,485,786)
Adjustments for:		
Depreciation and amortisation	474,686	471,671
Net foreign exchange gain	52,184	11,639
Share-based payments	145,286	52,974
Loss on disposal of property, plant and equipment	6,726	-
Non-cash finance costs	28,929	15,119
Share of profit of equity-accounted investees, net of tax	(1,964,712)	-
Change in operating assets and liabilities adjusted for business combinations:		
Decrease/(increase) in security deposits	-	116,201
Decrease/(increase) in receivables and prepayments	(1,416,620)	(858,024)
Decrease/(increase) in inventories	297,641	-
(Increase)/decrease in contract assets	1,639,084	(255,052)
Increase/(decrease) in contract liabilities	1,041,104	(378,601)
Increase/(decrease) in provisions	376,201	170,087
Increase/(decrease) in trade and other payables	(187,580)	481,127
Increase/(decrease) in employee benefits	36,677	94,030
Increase/(decrease) in amounts due to/from related parties	(50,509)	-
Net cash used in operating activities	(3,800,202)	(5,564,615)

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Note 32. Earnings per share

#### **Earnings per share for loss per share attributed to ordinary shareholders**

Loss from continuing operations after income tax expense  
Loss for the year from discontinued operations net of tax  
Loss after income tax attributable to the owners of Clean TeQ Water Limited

Consolidated	
2024	2023
\$	\$
(3,224,009)	(3,821,136)
(1,055,290)	(1,664,650)
(4,279,299)	(5,485,786)

Weighted average number of ordinary shares used in calculating basic earnings per share

Weighted average number of ordinary shares used in calculating diluted earnings per share

2024	2023
Number	Number
69,635,572	52,376,169
69,563,572	52,376,169

Basic loss per share – continuing operations  
Diluted loss per share – continuing operations  
Basic loss per share – discontinuing operations  
Diluted loss per share – discontinuing operations  
Basic loss per share – total  
Diluted loss per share – total

2024	2023
Dollars	Dollars
(0.0504)	(0.0730)
(0.0504)	(0.0730)
(0.0165)	(0.0318)
(0.0165)	(0.0318)
(0.0669)	(0.1047)
(0.0669)	(0.1047)

The options on issue throughout the current financial year are not dilutive in effect, as the Consolidated Entity recorded a net loss in the financial year. In the event the Consolidated Entity records future profits, the options may dilute basic earnings per share.

### Note 33. Share-based payments

#### **Share-based payment expense**

Options (cancelled)/issued under the Employee Share Scheme  
Performance Rights issued under the Employee Incentive Plan  
**Total share-based payment expense**

2024	2023
\$	\$
-	(212,625)
145,285	265,600
145,285	52,975

On 21 April 2021, the Company established an Employee Incentive Plan for employees, Directors and service providers of the Consolidated Entity ('the Plan'). The Plan entitles key management personnel, service providers and employees to receive shares and options in the Company.

The Consolidated Entity provides benefits to employees (including key management personnel) of the Consolidated Entity in the form of share-based payments, whereby employees render services in exchange for options or rights over shares (equity-settled transactions).



# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

The Group's approach to remuneration is to ensure that employee remuneration is closely linked to the Consolidated Entity's performance and the returns generated for shareholders. Performance-linked compensation, as outlined in the Consolidated Entity's Employee Incentive Plan ('EIP'), includes both short-term and long-term incentives, and is designed to incentivise and reward employees for meeting or exceeding Company-wide and individual objectives. The short-term incentive ('STI') is an "at risk" bonus provided in the form of cash and/or shares, while the long-term incentive ('LTI') is provided as options and Performance Rights over ordinary shares of the Company granted pursuant to the Company's EIP Rules which were approved by shareholders on 1 July 2021.

Performance Rights are granted at the discretion of the Board to employees by way of issue at nil cost both at the time of grant and vesting. Vesting is contingent on the Company meeting or exceeding performance hurdles over the performance period. The performance hurdles involve an assessment of the Company's total shareholder returns in absolute terms and relative to S&P/ASX300 index Group of companies. The ASX 300 Index group of companies is selected on the basis that it presents the best fit for Clean TeQ Water over the coming years and is an established and 'live' index. The replacement Performance Rights were issued at the discretion of the Board and the performance hurdles involve an assessment of the Company's total shareholder returns in absolute terms relative to the comparator peer groups designated at the original time of issue.

The EIP also provides for certain key executives to receive, for no consideration, options over ordinary shares of the Company at specified exercise prices as determined by the Board. The grant of options is intended to align the interests of senior executives with other owners of the Company over the medium to longer term and to increase those senior executives' proportion of 'at risk' remuneration. The ability to exercise the options is conditional upon each key executive's ongoing employment by the Company and other applicable vesting hurdles determined by the Board from time to time.

The share-based payment expense recognised in profit or loss of \$145,285 results from several schemes summarised below:

<b>Schemes</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
(i) Replacement awards (equity settled)		
2020 Tranche 1 EIP Replacement Rights	-	9,954
2020 Tranche 2 EIP Replacement Rights	-	29,815
2021 Tranche 1 EIP Replacement Rights	(110)	10,614
(ii) Initial Equity Grant Plan (Options)		
2022	-	(212,625)
(iii) Long-Term Incentive (LTI) Award		
2021/22 Tranches	58,495	125,561
2022/23 Tranches	39,182	72,036
Performance Rights issued via shareholder approval	47,718	17,619
<b>Total share-based payment expense</b>	<b>145,285</b>	<b>52,974</b>

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# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### (a) Replacement awards (equity settled)

Equity awarded under the Employee Incentive Plan serve as replacement for instruments issued to employees under the relevant Sunrise Energy Metals Limited (SRL) Employee Plan. The number of restricted Performance Rights awarded were determined on the number of Performance Rights previously awarded in Sunrise under the scheme. In line with the ATO/ASIC/ASX approved plans detailed in the Demerger Booklet, SRL Performance Rights were cancelled and replacement Clean TeQ Water (CNQ) Performance Rights issued. The ATO confirmed the demerger class ruling metrics including the SRL/CNQ cost base allocation ratio at 81.82% / 18.18% based on the relative market caps of the separate companies in the first five days of trading of the Consolidated Entity.

The key terms and inputs for each issue were as follows:

Grant date	Expiry date	Share price at grant date	Volatility	Dividend yield	Vesting probability	Fair value at grant date
31-Aug-21	01-Jan-22	\$0.72	n/a	-%	0%	-
31-Aug-21	01-Jul-22	\$0.72	59.76%	-%	95%	\$ 0.02
31-Aug-21	01-Jan-23	\$0.72	79.81%	-%	80%	\$ 0.09
31-Aug-21	01-Jul-23	\$0.72	80.98%	-%	70%	\$ 0.18
31-Aug-21	01-Jan-24	\$0.72	81.23%	-%	60%	\$ 0.14

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Vested	Expired/ forfeited/ other*	Balance at the end of the period
31-Aug-21	01-Jul-23	\$0.00	528,120	0	(166,282)	(361,838)	0
31-Aug-21	01-Jan-24	\$0.00	335,126	0	(114,058)	(191,068)	0
			863,246	0	(280,340)	(552,906)	0

\* Performance Rights forfeited as they did not meet the vesting conditions prior to the expiry date or due to the employee ceasing employment.

The performance hurdles for the replacement Performance Rights expiring 1 July 2023 and 1 January 2024 were linked to the Company's absolute TSR performance and if the Company's TSR performance outperforms against a comparator peer group over a three-year period, and are summarised as follows:

#### Performance hurdle 1 – 50% vesting conditional on the Company's absolute TSR performance

TSR over measurement period:	Percentage of Performance Rights vesting
12.5% pa compounding annually or greater	100%
7.5% pa compounding annually	50%^
Less than 7.5% pa compounding	0%

^ Straight line pro-rata vesting between 7.5% and 12.5%

#### Performance hurdle 2: 50% vesting conditional on the Company's TSR performance compared to a comparator peer group of companies

Performance relative to Peer Group performance	Percentage of Performance Rights vesting
At or above 75 <sup>th</sup> percentile	100%
At median	50%^^
Below median	0%

^^ Straight-line pro-rata conversion between the median and 75<sup>th</sup> percentile performance

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The comparator peer group companies for the replacement Performance Rights that expired 1 July 2023, and 1 January 2024 are tabled below:

Tranche expiry date	Comparator peer group
01-Jul-23	Altura Mining Limited (ASX:AJM), Australian Mines Limited (ASX:AUZ), Fluence Corporation (ASX:FLC), (loneer Ltd (ASX: INR), Jervois Mining Limited (ASX:JRV), Metals X Limited (ASX:MLX), Mincor Resources NL (ASX:MIN), New Century Resource (ASX:NCZ), Niocorp Developments Ltd (TSX:NB), Phoslock Environmental Technology Ltd (ASX:PET), Purifloh Limited (ASX:PO3), Pilbara Minerals Limited (ASX: PLS), Scandium International Mining Corp (TSX:SCY) and Syrah Resources Limited (ASX:SYR).
01-Jan-24	Arafura Resources Limited (ASX:ARU), Ardea Resources Limited (ASX:ARL), Australian Mines Limited (ASX:AUZ), Calix Limited (ASX:CXL), Cobalt Blue Holdings Limited (ASX:COB), Fluence Corporation (ASX:FLC), Greenland Minerals Limited (ASX:GGG), Hastings Technology Metals Limited (ASX:HAS), Highfield Resources Limited (ASX:HFR), Jervois Mining Limited (ASX:JRV), Magnis Energy Technologies Ltd (ASX:MNS), Metals X Limited (ASX:MLX), Niocorp Developments Ltd (TSX:NB), Poseidon Nickel Limited (ASX:POS), Purifloh Limited (ASX:PO3), Scandium International Mining Corp (TSX:SCY) and SciDev Ltd (ASX:SDV).

### (b) Long-term incentive award

Equity awarded under the Group's Long-Term Incentive Award was awarded based on the Group's Employee Incentive Plan.

Set out below are summaries of Performance Rights granted under the Plan:

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted*	Vested	Expired/ forfeited/ other**	Balance at the end of the period
07-Sep-21	01-Jul-24	\$0.00	448,952	0	0	(146,955)	301,997
30-Sep-21	01-Jul-24	\$0.00	161,616	0	0	0	161,616
09-Mar-22	01-Jan-25	\$0.00	656,488	0	0	(219,122)	437,366
28-Jul-22	01-Jul-25	\$0.00	1,182,276	0	0	(416,988)	765,288
14-Dec-22***	01-Jul-24	\$0.00	99,496	0	0	0	99,496
14-Dec-22***	01-Jan-25	\$0.00	129,207	0	0	0	129,207
14-Dec-22***	01-Jul-25	\$0.00	217,636	0	0	0	217,636
29-Mar-23	01-Jan-26	\$0.00	744,197	0	0	(227,209)	516,988
01-Nov-23***	01-Jan-26	\$0.00	0	109,524	0	0	109,524
			3,639,868	109,524	0	(1,010,274)	2,739,118

\* New Performance Rights that were granted during the reporting period all have the same terms and conditions as the previous period under the Long-Term Incentive Plan and as outlined in the 30 June 2023 Annual Report. These were as follows:

- 109,524 were issued to interim CEO and Executive Director Peter Voigt. The terms and conditions were the same as those issued to staff and were set out in the notice of the Annual General meeting dated 1 December 2023.

\*\* Performance Rights forfeited as they did not meet the vesting conditions prior to the expiry date or due to the employee ceasing employment.

\*\*\* Performance Rights granted to interim CEO Peter Voigt who held the role of Executive Chairman and Executive Director at the time of issue.

# CLEAN TEQ WATER LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

The valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Volatility	Dividend yield	Vesting probability	Fair value at grant date
7 Sep-22	01-Jul-24	\$0.70	77.00%	-%	50%	\$0.44
20-Sep-22	01-Jul-24	\$0.68	80.00%	-%	100%	\$0.68
09-Mar-22	01-Jan-25	\$0.65	70.30%	-%	50%	\$0.42
28-Jul-22	01-Jul-25	\$0.48	71.90%	-%	50%	\$0.35
14-Dec-22	01-Jul-24	\$0.38	70.60%	-%	100%	\$0.08
14-Dec-22	01-Jan-25	\$0.38	70.60%	-%	100%	\$0.15
14-Dec-22	01-Jul-25	\$0.38	70.60%	-%	100%	\$0.21
29-Mar-23	01-Jan-26	\$0.33	70.20%	-%	100%	\$0.22

The performance hurdles for the new Performance Rights issued under the Company's EIP expiring 1 July 2024, 1 January 2025, 1 July 2025 and 1 January 2026 are as follows:

### Performance criteria 1: 50% Performance Rights vesting conditional on Clean TeQ Water's absolute total shareholder return ('TSR') performance

Absolute TSR	Performance Rights vesting
12.5% pa compounding annually or greater	100%
7.5% pa compounding annually	50%^
Less than 7.5% pa compounding	0%

^ Straight-line pro-rata vesting between 7.5% and 12.5%

### Performance criteria 2: 50% vesting conditional on Clean TeQ Water's TSR performance compared to the S&P/ASX 300 Index (ASX:XKO) ('Index')

Performance level	CNQ performance relative to Index over measurement period	Percentage of Performance Rights vesting <sup>^^</sup>
Stretch	≥ Index movement +15%	100%
Between target and stretch	> Index movement + 5% & <15%	Pro-rata
<b>Target</b>	<b>Index movement +5%</b>	<b>50%</b>
Between threshold and target	> Index movement + 5% & <15%	Pro-rata
Threshold	= Index movement	25%
Below threshold	< Index movement	0%

<sup>^^</sup> Provided that zero Performance Rights will vest if the CNQ TSR is negative over the measurement period.

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## CLEAN TEQ WATER LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

Each Performance Right, once vested, entitles the Performance Right holder to receive one fully paid ordinary share in the Company for zero consideration. The fair value of Performance Rights is determined by an independent third party using a Geometric Brownian Motion Model and a Monte Carlo simulation that takes into account the term of the Performance Rights, the underlying share price and benchmark share price values at grant date, the expected volatility of the underlying share and benchmark shares, the expected dividend yield of the underlying share and benchmark shares and the risk-free interest rate for the term of the Performance Right, together with an estimation of the number of Performance Rights expected to lapse due to failure of employees to remain in employment.

Any Performance Rights which fail to vest on the vesting date will immediately lapse unless the Nomination and Remuneration Committee or the Board decides exceptional circumstances justify the reduction or waiver in whole or in part of the vesting conditions. There is no ability to re-test whether or not the vesting conditions have been satisfied after the vesting period has ended.

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# CLEAN TEQ WATER LIMITED

## CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 30 June 2024

### Consolidated Entity Disclosure

Entity Name	Entity Type	Principal place of business/ country of incorporation	Ownership (%)	Tax Residency
Clean TeQ Water Limited (i)	Body Corporate	Australia	N/a	Australia
Clean TeQ Water Operations Pty Ltd (i)	Body Corporate	Australia	100%	Australia
LiXiR Functional Foods Pty Ltd (i) (ii)	Body Corporate	Australia	100%	Australia
CLQW HK Limited	Body Corporate	Hong Kong	100%	Hong Kong
Clean TeQ Environmental Protection Technology (Beijing) co., Ltd	Body Corporate	China	100%	China
Tianjin Clean TeQ Biology Co., Ltd	Body Corporate	China	100%	China
NematiQ Pty Ltd (i)	Body Corporate	Australia	100%	Australia
NematiQ Holding Pty Ltd (i)	Body Corporate	Australia	100%	Australia
Clean TeQ Water B.V	Body Corporate	Netherlands	100%	Netherlands

*(i) This entity is part of a tax-consolidated group under Australian law, for which Clean TeQ Water Limited is the head entity*

*(ii) LiXiR Functional Foods Pty Ltd was deregistered on the 19 July 2023*

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**CLEAN TEQ WATER LIMITED**  
**DIRECTORS DECLARATION**  
**For the year ended 30 June 2024**

In the Directors' opinion:

- the attached consolidated financial statements and notes thereto, and the Remuneration Report in the Directors' Report, comply with the Corporations Act 2001, the Australian Accounting Standards, and the Corporations Regulations 2001;
- the attached consolidated financial statements and notes thereto, comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 3(b) to the financial statements;
- the attached consolidated financial statements and notes thereto, the Remuneration Report in the Directors' Report and the Consolidated Entity Disclosure Statement give a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable; and
- the Consolidated Entity Disclosure Statement on page 91 as at 30 June 2024 is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



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Jan Knight  
Chairman

30 August 2024  
Melbourne

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## Independent Auditor's Report

To the Members of Clean TeQ Water Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Clean TeQ Water Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Material uncertainty related to going concern

We draw attention to Note 3(a) in the financial statements, which indicates that the Group incurred a net loss from continuing operations of \$3,224,009 during the year ended 30 June 2024, and incurred negative operating cash flows of \$4,821,627. As stated in Note 3(a), these events or conditions, along with other matters as set forth in Note 3(a), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern section*, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<b>Revenue recognition of Project Contracts (Note 3(g), Note 6)</b>	
<p>Clean TeQ Water Limited recognised a large portion of their revenue using the percentage completion input method for fixed price solutions.</p> <p>As these projects may be ongoing at year end there is a significant estimation required when recognising the work in progress (Contract asset) or deferred revenue (Contract liability) and ensuring the appropriate amount of revenue has been recognised under AASB 15 <i>Revenue from Contracts with Customers</i>.</p> <p>The engagement team has identified this area as a significant risk due to the significant judgement involved in estimating the percentage completion method for fixed price projects.</p> <p>Due to the significant estimation involved and recognition under AASB 15, the engagement team have determined this as a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of the processes and controls used by the Company in evaluating project contracts under the five-step model of AASB 15;</li><li>• Reviewing revenue recognition policies of the Company's recurring and non-recurring revenue streams for compliance with AASB 15;</li><li>• Selecting a sample of revenue transactions to verify that project contract revenue is being recognised in accordance with revenue recognition policies and in the correct period;</li><li>• Agreeing a sample of contracts to verify that revenue is recognised in line with the project contract terms specified;</li><li>• Testing a sample of costs which are used in the calculation of the project revenue to ensure the revenue is recorded is in line with the input method under AASB 15;</li><li>• Reviewing project contract revenue performance post year-end for material movements from expectation, verifying estimates of project contract revenue, deferred income and contract assets and receivables at 30 June 2024 were fairly stated;</li><li>• Testing the accuracy of deferred and accrued income recorded by the Group during the year;</li><li>• Analytically reviewing project contract revenues and investigating movements outside our expectations based on project and contract understanding, and</li><li>• Assessing the accuracy of previous Group forecasts to inform our evaluation of the accuracy of current Period cost forecasts; and</li><li>• Evaluating the disclosures in the financial statements for appropriateness.</li></ul>

## Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the financial report

The directors of the Group are responsible for the preparation of:

- a the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and
- b the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

## Report on the remuneration report

### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 21 to 33 of the Directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Clean TeQ Water Limited, for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

## Responsibilities

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



B A Mackenzie  
Partner – Audit & Assurance  
Melbourne, 30 August 2024

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# Shareholder Information

The information below is current as at 12 August 2024.

## Distribution of equity securities

The number of shareholders by size of holding of ordinary shares is:

Range	Total holders	Units	% Units
1 to 1,000	3,102	952,114	1.32
1,001 to 5,000	1,029	2,539,697	3.52
5,001 to 10,000	283	2,097,841	2.90
10,001 to 100,000	379	12,557,498	17.38
100,001 and over	61	54,095,153	74.88
<b>Total</b>	<b>4,854</b>	<b>72,242,303</b>	<b>100.00</b>
Minimum \$500 parcel at \$0.2250 per unit	2,223	1,818,506	3.65

The number of shareholders by size of holding of quoted options is:

Range	Total holders	Units	% Units
1 to 1,000	1	1	0.00
1,001 to 5,000	51	88,797	3.79
5,001 to 10,000	19	108,808	4.65
10,001 to 100,000	38	962,389	41.10
100,001 and over	6	1,181,719	50.46
<b>Total</b>	<b>115</b>	<b>2,341,714</b>	<b>100.00</b>

The number of holders by size of holding of unquoted Performance Rights is:

Range	Total holders	Units	% Units
1 to 1,000	0	0	0.00
1,001 to 5,000	1	2,396	0.11
5,001 to 10,000	4	23,864	1.10
10,001 to 100,000	13	579,632	26.64
100,001 and over	8	1,570,117	72.15
<b>Total</b>	<b>26</b>	<b>2,176,009</b>	<b>100.00</b>

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# Shareholder Information

## Equity security holders

### Twenty largest quoted equity security holders

The names of the 20 largest security holders of fully paid ordinary shares as at 12 August 2024 are listed below:

Rank	Name of shareholder	Number of shares held	% of total shares issued
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,362,622	17.11
2	SOANE LABS LLC	7,178,033	9.94
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,153,642	8.52
4	CITICORP NOMINEES PTY LIMITED	5,880,049	8.14
5	PENGXIN INTERNATIONAL GROUP LIMITED	5,225,944	7.23
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,545,727	2.14
7	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	1,176,793	1.63
8	BNP PARIBAS NOMS PTY LTD	1,121,221	1.55
9	THIERVILLE PTY LTD <THE STAR SUPER FUND A/C>	1,009,470	1.40
10	SALITTER PTY LTD <SALITTER A/C>	815,428	1.13
11	MR IB OSKAR HANSEN <IB HANSEN FAMILY S/F A/C>	654,282	0.91
12	MILLFENCE PTY LTD <HARLEY FAMILY S/F A/C>	605,677	0.84
13	MR ANDRE SZARUKAN + MS ROSE BRANISKA <THE A & R SUPER FUND A/C>	500,000	0.69
14	MR GREGORY LEONARD TOLL + MRS MARGARET ESTELLE TOLL <TOLL S/F A/C>	450,000	0.62
15	BILGOLA NOMINEES PTY LIMITED	402,482	0.56
16	ARGYLE SF PTY LTD <SFG SUPERANNUATION FUND A/C>	400,000	0.55
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	339,859	0.46
18	APRICITY PTY LTD <THE JTM FOUNDATION A/C>	313,507	0.43
19	APOGEE SUPERANNUATION PTY LTD <AFG SUPERANNUATION FUND A/C>	300,000	0.42
20	V & S ISTOMIN PTY LTD <ISTOMIN FAMILY SUPER/F A/C>	300,000	0.42
<b>Total top 20 holders of ordinary fully paid shares</b>		<b>46,734,736</b>	<b>64.69</b>
<b>Total remaining holders</b>		<b>25,507,567</b>	<b>35.31</b>
<b>Total shares issued</b>		<b>72,242,303</b>	<b>100.00</b>

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The names of the 20 largest security holders of quoted options as at 12 August 2024 are listed below:

Rank	Name of holder	Number of options held	% holding
1	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	323,655	13.82
2	BILGOLA NOMINEES PTY LIMITED	215,054	9.18
2	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	215,054	9.18
4	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	161,290	6.89
5	BEHEMOTH CAPITAL PTY LTD <JAVA INVESTMENT A/C>	150,000	6.41
5	MRS CHARLOTTE EMILY GRIGG	116,666	4.98
7	CITICORP NOMINEES PTY LIMITED	90,319	3.86
8	WHITEHOUSE GROUP NOMINEES PTY LTD <S WHITE SUPER FUND A/C>	83,766	3.58
9	MR SAMUEL BAILLIEU HORDERN	59,000	2.52
10	D&J REDELMAN PTY LTD <DAVID & JUDI REDELMAN SF A/C>	53,763	2.30
11	RIYA INVESTMENTS PTY LTD	49,999	2.13
12	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	43,010	1.84
13	MS CONCETTA CASELLA	32,258	1.38
13	CASELLACON'S SUPERANNUATION FUND PTY LTD <CASELLACONS SF A/C>	32,258	1.38
13	HUMPHREYS SUPER PTY LTD <THE HUMPHREYS SUPER FUND A/C>	32,258	1.38
13	MR WARREN JOHN HUMPHREYS	32,258	1.38
13	MR MARK DAMION KAWECKI	32,258	1.38
13	MR IAN RICHMOND WARNER	32,258	1.38
19	BLUE HEELER CAPITAL PTY LTD	26,881	1.14
19	WALCOT FEN PTY LIMITED <MARRIS FAMILY S/FUND A/C>	26,881	1.14
<b>Total top 20 holders of quoted options expiring 30/04/2026 @\$0.45</b>		<b>1,808,886</b>	<b>77.25</b>
<b>Total remaining holders</b>		<b>532,828</b>	<b>22.75</b>
<b>Total options issued</b>		<b>2,341,714</b>	<b>100.00</b>

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## Substantial holders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Name of Share Holder	Ordinary Shares	
	Number held	% of total shares issued
Robert Martin Friedland	11,383,637	16.35
Soane Lab LLC	7,178,637	10.03
Pengxin International Group Limited (Pengxin International)	5,225,944	8.03
FMR LLC and related entities	3,770,956	5.80

## Escrowed Securities

As at 12 August 2024, 7,178,033 Fully Paid Ordinary Shares were subject to voluntary escrow and they are expected to be released from escrow on 30 September 2024.

## On-market buy-back

There is no current on-market buy-back in relation to the Company's securities.

## Voting rights

The voting rights attached to ordinary shares are set out below. Other classes of equity securities (i.e. unquoted options and unquoted Performance Rights) do not have voting rights.

### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

## Corporate Governance Statement

The Company's 2024 Corporate Governance Statement was released to the ASX on 30 August 2024 and is available at <https://www.cleanteqwater.com/company/corporate-governance/>.

## Annual General Meeting

The 2024 Annual General Meeting will be held on Tuesday, 26 November 2024.

In accordance with clause 19.6 of the Company's constitution, the Closing Date for Nomination of Directors is Tuesday, 8 October 2024.

# Corporate Directory

## *DIRECTORS*

Ian Knight (Chairman)

Peter Voigt (Executive Director)

Sam Riggall (Non-Executive Director)

Robyn McLeod (Non-Executive Director)

## *COMPANY SECRETARY*

Anita Addorisio

Vistra Australia Pty Ltd

Level 4, 100 Albert Road

South Melbourne, Victoria 3205

Telephone: 1300 384 692

## *PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE*

Unit 12, 21 Howleys Road

Notting Hill, Victoria, 3168

Telephone: +61 3 9797 6700

## *SHARE REGISTER*

Computershare Investor Services Pty Ltd

Yarra Falls, 452 Johnson Street

Abbotsford, Victoria 3067

Telephone: +61 (03) 9415 5000

Facsimile: +61 (03) 9473 2500

## *AUDITORS*

Grant Thornton Audit Pty Ltd

Tower 5

Collins Square

727 Collins Street

Melbourne, Victoria 3008

## *LEGAL ADVISORS*

Baker McKenzie

Level 19, 181 William Street

Melbourne, Victoria 3000

## *STOCK EXCHANGE LISTING*

Clean TeQ Water Limited shares are listed  
on the Australian Securities Exchange (ASX: CNQ and CNQO)

## *WEBSITE*

[www.cleantegwater.com](http://www.cleantegwater.com)

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