



SHAREHOLDER AND INVESTOR UPDATE Q3 FY2021.

Dear Shareholder,

On behalf of CleanSubSea's Board and Management Team, I am pleased to provide you with an update on the activities of your Company during Q3 FY2021. Since our Annual General Meeting in January 2021, activities have been moving on at a considerable pace.

CORPORATE

COVID-19

As the world battles to manage the COVID-19 pandemic, the circumstances facing some of our key target International markets are impacting our timeline for overseas sales/leasing goals for Envirocart systems. However, we have maintained strong engagement and are confident of continuing to gain traction.

ANNUAL GENERAL MEETING

We want to thank those shareholders who were able to attend our Annual General Meeting (AGM) that took place in January 2021 at our premises in Henderson. It was a great opportunity to introduce shareholders to the technology directly and allow them to see first-hand what an Envirocart system entails.

CAPITAL RAISING

As Shareholders understand, the past 12 months have presented a uniquely challenging time for investor engagement and in the conduct of our day-to-day business and operations. Notwithstanding the difficulties in driving a technology startup forward in the present circumstances, we have achieved several important milestones. The Board is currently undertaking an equity capital raising to qualified investors, including Shareholders who qualify under S708 of the Corporations Act (2001) Cth via a private placement in H2 FY 2021 at the same price point as our cornerstone investors at \$0.06 per share.

The funds from this raising are a precursor that leads up and into the runway for our planned ASX listing later in the year. This will include funding for a prospectus & preparatory work for the ASX, completion of another Envirocart unit, further establishing international marketing & business development channels, and general working capital.

Our Corporate Advisor and Lead Manager, CPS Capital, continue to provide strong support and guidance to our current Capital Raising with potential capital sources and institutional investors, and we are pleased to have the benefit of CPS's collective advice and support.

One of our recent cornerstone investors continues to offer further funds upon achieving certain milestones. The Board is of the view that these milestones are achievable, notwithstanding the current state of the economy and remain a backstop for further capital if required before ASX.

ASX LISTING UPDATE

We are pleased to advise we intend progressing a listing on ASX in Q4 of CY 2021. The company will share further details with Shareholders on our progress regarding the ASX in our next quarterly newsletter.

Q3 HIGHLIGHTS

- COVID-19 Impacts
- Shareholders had the opportunity to view the main components of the Envirocart at our AGM in January 2021
- CSS develops Sales Agency Agreement with K&K Marine in the United Kingdom to service Europe
- Additional international market opportunities in the UK, Germany, Namibia, South Korea and Timor Leste progress
- IMO GloFouling Partnership
- BIMCO IWHC Guidelines Introduced
- CSS ASX Listing Preparation



OPERATIONS

Despite the added challenges of the current market, CleanSubSea is pleased to provide the following update on our operations and progress. We are also happy to advise that discussions with potential sales/lease agents in Europe and Asia are ongoing with considerable interest in our technology and its deployment to markets in those regions.

ENVIROCART MARKET OPPORTUNITIES

➤ Australia

Our Australia licensed operator, Franmarine Underwater Services, continues to pursue and secure cleans with the Royal Australian Navy. Franmarine has also confirmed it has secured a location in Sydney as it starts to establish an operational base that will include IWHC services.

➤ United Kingdom

We are already engaged in negotiations with a local service provider in the UK through our agent arrangements. We expect an MOU to be signed in Q2 of CY2021 and a final binding contract to be signed thereafter.

➤ Namibia

CleanSubSea has signed an MOU Licensing Agreement to either purchase or lease an Envirocart system with a maritime service provider which we anticipate will progress to formal contract in Q3 CY2021.

➤ United States

CleanSubSea is currently in negotiations with two significant maritime service companies in the US to either purchase or lease our Envirocart system. We expect an MOU to be signed and in place in July 2021, following which and when our American friends can physically come to Western Australia to see a demonstration of the Envirocart in operation. At that time, we intend to move to a formal contract.

We have now moved to the third stage of the review process being conducted by the US Navy for our Envirocart technology. The US Navy and US Coastguard remain a primary long term commercial objective of the Company, along with other maritime sectors in key target locations in the US market.

➤ Germany

Our activities in the German market continue to gain traction as CleanSubSea collaborates with a large diving underwater service provider to present solutions to the German authorities for the reintroduction of IWHC activities in Germany.

➤ France

We are also pleased to advise that we are currently in discussions with a diving operator in France.

➤ Timor Leste

CleanSubSea has signed an MOU with an offshore & environmental services operator in Timor Leste to either purchase or lease an Envirocart system. The partner is an Oil & Gas service provider and is currently preparing the business plan for their new operations with Envirocart technology.

➤ Fortune 50 Opportunity

The Company is pleased to advise negotiations with a Fortune 50 company have progressed to the next stage CleanSubSea to provide a complete capture and containment underwater cleaning solution. Funding to be provided by Client.

Several other opportunities in Europe are also currently being actively pursued and we anticipate further positive development of these opportunities.

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OPERATIONS

QUALITY ASSURANCE – ISO & LLOYDS TQ CERTIFICATION

CleanSubSea understands as it prepares for manufacturing multiple Envirocart systems, which will be sold or leased into different locations around the world, it is critical to apply build quality standards that will ensure reliability and longevity of the equipment in operation. Accordingly, a structured quality assurance program has been established. This will include ISO certification and securing Lloyds Technical Qualification certification in mid-2021. Along with quality assurance standards, these steps will also lead to streamline manufacturing processes and a reduction of associated costs.

HUMAN RESOURCES

The Company is pleased to announce the promotion of Joey Clarke, to the role of QHSE Manager. Joey has a Bachelor of Applied Science majoring in Environmental Management and a Diploma in Marine Biology. Joey has over 12 years experience working on projects in Construction, Mining and Oil and Gas and has qualifications in Environmental Management, Health and Safety, Quality Auditing and Marine Biology. Joey will be driving the quality assurance program around ISO Certification and the Lloyds Technical Qualification.

FINANCES

The Company continues to manage its cash position very carefully, with a focus on building the two new Envirocart units. Incoming funds from the current private placement will effectively support efforts that will ensure the suitable runway milestones are in place for the planned ASX in Q4 CY 2021.

WEBSITE UPGRADE

There will be changes and improvements made to our website in the coming weeks. This will greatly improve the functionality. We also intend focusing on brand improvement and streamlining our communication. Updates will be shared when available.

BIOPASS™



CleanSubSea is pleased to confirm with Shareholders that BioPass™ Pty Ltd (51% owned by CleanSubSea) has moved to the next stage in its development of the BioPass software program that sits on a Blockchain platform. The end-to-end transaction capability for facilitation of a comprehensive Bio-fouling management program has been successfully tested with an independent third- party subject expert. The company is now planning to show case demonstrations in May 2021, one for the Royal Australian Navy and the other for commercial operators in the sector. The first customers of BioPass are expected to be Franmarine and Western Australian Prime Defence (Navy) contractor Naval Ship Management (NSM), using the platform with Australian Naval vessels.



INTERNATIONAL IWHC STANDARDS

IMO GLOFOULING PARTNERSHIP



As previously mentioned, CleanSubSea has joined the International Maritime Organisation (IMO) GloFouling Industry Alliance as a founding member. The alliance is an internationally respected peak industry body and is beginning to generate interest and participation from industry. Several new shipping operators and other service providers have recently joined the alliance, showing concerned interest to the potential for changes to the rules and regulations for bio-fouling management on vessels. The IMO continues to bring focus on protective environmental practices that will deliver GHG emissions reductions. It is worth noting, the so-called IMO 2020 standards that introduced worldwide legislation control of Sulphur emissions from ship exhausts, with its USD 30 billion burden on the shipping industry, clearly demonstrates IMO's willingness to legislate to attain emissions reduction targets.

BIMCO IWHC GUIDELINES

The Baltic and International Maritime Council (BIMCO), headquartered in Copenhagen, Denmark, released new guidelines for In Water Hull Cleaning activities (IWHC) last month. These guidelines introduce and direct acceptable practices around capture & containment of Bio-Fouling matter and heavy metals, when conducting IWHC activities. These guidelines present an initial platform for standardizing and aligning IWHC protocols across different jurisdictions. It is highly expected that the IMO will also use these guidelines as a key component of their initiatives for clean hulls and reduced GHG emissions.

NEW NATIONAL STANDARDS FOR IWHC IN AUSTRALIA

The new Australian IWHC standards are expected to be released in mid 2021 for public comment and review. The Board intends to participate in that review, and we anticipate a submission when the Commonwealth opens the matter for discussion and debate. It is expected that these standards will deliver more alignment and congruency within Australia regarding IWHC activities. Such developments will naturally bring increased focus and emphasis on the capability of our technology.

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Thank you for your ongoing support and commitment to CleanSubSea. If you have any questions or would like to discuss any of the details presented in this newsletter, I encourage you to contact myself via email or phone.

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