

SHAREHOLDER AND INVESTOR UPDATE Q1 FY2022

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 Q1 FY2022.

CORPORATE

COVID-19

We continue to be challenged by the impact of the Covid-19 pandemic in our key target International markets and here in Australia. Under the current government directives, willing customers and partners are unable to enter Western Australia to see, touch & feel the hardware, witness demonstrations of the system in action and meet CSS executives in person. This has prolonged negotiations to secure overseas sales/leasing contracts for Envirocart systems. Despite these significant challenges, we have maintained strong engagement with our interested parties and have been able to negotiate positions close to final contracts with several In Water Hull Cleaning (IWHC) technology operators. With the highly anticipated opening of Australian borders to other international jurisdictions we expect several contracts to be signed in the near term.

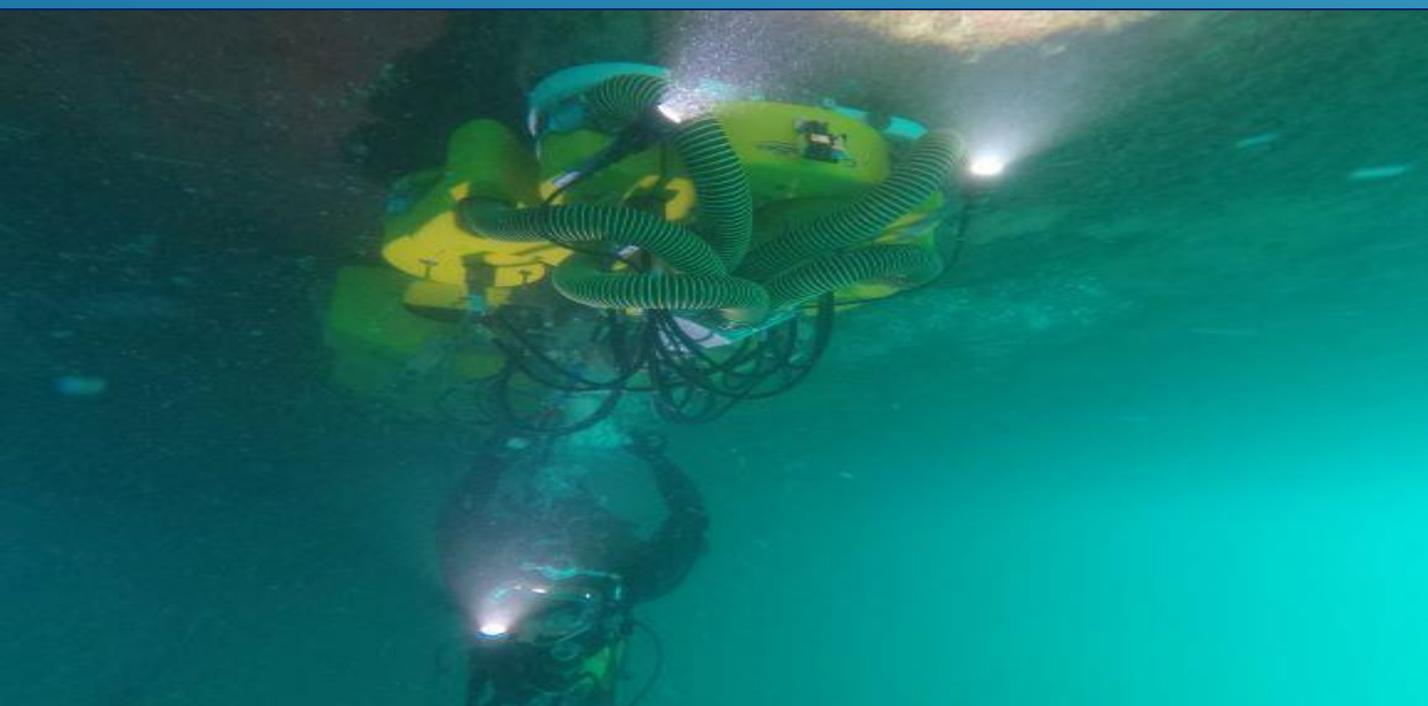
Q1 HIGHLIGHTS

- COVID-19 Impacts
- CSS ASX Listing preparation continues for listing 2H FY2022
- CSS Develops Financier Agreement with K&K Marine in the United Kingdom to support lease agreements in Europe
- CSS to sign new Agency Agreement in the US
- CSS develops Envirocart Leasing Agreement with a diving operator in Africa.
- Additional new international market opportunities in Singapore, UAE, Latvia and PNG progress to the next stage in discussions.
- Oil & Gas Fortune 50 company opportunity continues to progress to next stage
- New Envirocart systems near completion
- CSS now ready to offer a Remotely Operable system

ASX LISTING UPDATE

After initial Due Diligence Committee meetings and further review of ASX feedback with our legal council, HWLE, the Company is now targeting its planned listing in 2H FY2022. The ASX now requires certain levels of audited revenues in place before an industrial technology company like CleanSubSea can receive ASX support for listing on the Exchange. Based on our current financial forecasts for sales/leasing contracts revenue, and given the time delays posed by the pandemic, the Board believes this updated time frame to be a realistic and achievable one.

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





OPERATIONS

Despite the ongoing challenges of the current operating environment, CleanSubSea is pleased to provide the following update on our operations and progress. The Company has now developed a pipeline of 32 opportunities with various entities in different markets around the world. We have highlighted some of these current opportunities below.

ENVIROCART MARKET OPPORTUNITIES

➤ Australia

CleanSubSea continues negotiations with Franmarine Underwater Services for the lease of additional Envirocart systems to expand its IWHC services here in the domestic market.

➤ United Kingdom

CleanSubSea has developed an agreement to work with K&K Marine in the UK, who will offer lease financing services to assist operators to establish & provide Envirocart IWHC capabilities in the UK and continental Europe. This agreement enables CleanSubSea the choice to provide a faster scale up of Envirocart systems into the marketplace by reducing the upfront capital required by CleanSubSea to support new builds with accompanying preferred lease agreements in place.

➤ Singapore

CleanSubSea is having ongoing discussions with a diving operator that has extensive operations in both Singapore and Greece.

➤ Africa

A considerable amount of interest has been received from a number of entities with operations in Africa. Negotiations with several IWHC service providers there have progressed rapidly. The first agreement is expected to be executed in 1H FY2022.

➤ United States

CleanSubSea is nearing execution of an Agency Agreement in the US. The party involved has direct professional marine relationships in the Defense, Oil & Gas and Maritime sectors. The company looks forward to sharing the details of this agreement in the future.

➤ Canada

CleanSubSea is supporting two competing commercial bids for a tender to provide IWHC services to Canadian Naval vessels. The tender is expected to be awarded later in the year. We will update any progress made on this opportunity as they come to hand. CleanSubSea is also in discussions with other Canadian authorities regarding Envirocart opportunities.

➤ Germany

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

➤ Fortune 50 Opportunity

The Company is pleased to advise that negotiations with a Fortune 50 company have successfully progressed during the quarter. The approved Project Plan and the Project Budget Funding Agreement are expected to be finalised in Q2 FY2022. Note, funding for the project will be provided by the customer. A joint company announcement will be made soon after the contract is signed.



OPERATIONS

ENVIROCART MANUFACTURE TIMELINE

The Company is pleased to advise the final completion stages of the new Envirocart system are underway and completion is imminent. The Company anticipates an additional system to be completed and available by the end of Q2 FY2022.

QUALITY ASSURANCE – ISO & LLOYDS APPROVAL IN PRINCIPLE (AIP)

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 business management system (BMS) which incorporates a quality assurance program, is being established and followed. This will lead to ISO accreditation in 2H FY2022. The Company is also pursuing Lloyds AIP which is a precursor to becoming an endorsed BIMCO IWHC equipment provider, when this process is formally established. 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 Deborah James has moved into a new role of HR team lead. Along with her joint responsibilities for new business development and Executive support, Deb is being mentored by Helen Mastrantonis. Helen is a highly regarded People Advisory Director and Business Consultant with a 20-track record delivering high value leadership, insights and transformation projects that optimise results for organisations at varying phases of developmental maturity. Helen has significant experience with SMEs through to complex billion-dollar international transactions spanning Australia, the US, Europe, Latin America, Africa and Asia. We are very fortunate to have access to Helen's expertise under this arrangement.

FINANCES

The Company continues to manage its cash position carefully, as it completes the builds of two new Envirocart systems and prepares for planned listing ASX in 2H FY2022.

BIOPASS™

CleanSubSea terminated the BioPass Joint Venture in Q1 FY2022. After careful consideration, the Board decided the Company needed to focus its entire attention on establishing the Envirocart technology into new international markets, supported by efficient, streamlined manufacturing. CleanSubSea retains the company BioPass Pty Ltd and associated name, for use at a later time when the appropriate opportunities present themselves.

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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Non-Executive Chairman

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