

SHAREHOLDER AND INVESTOR UPDATE Q2 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 Q2 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 the hardware, witness demonstrations of the system in action and meet the Company's executives in person. This has continued to hamper the company's ability to secure new lease and sale agreements throughout the second half 2021. Despite these challenges Management is excited to have achieved its first international lease agreement.

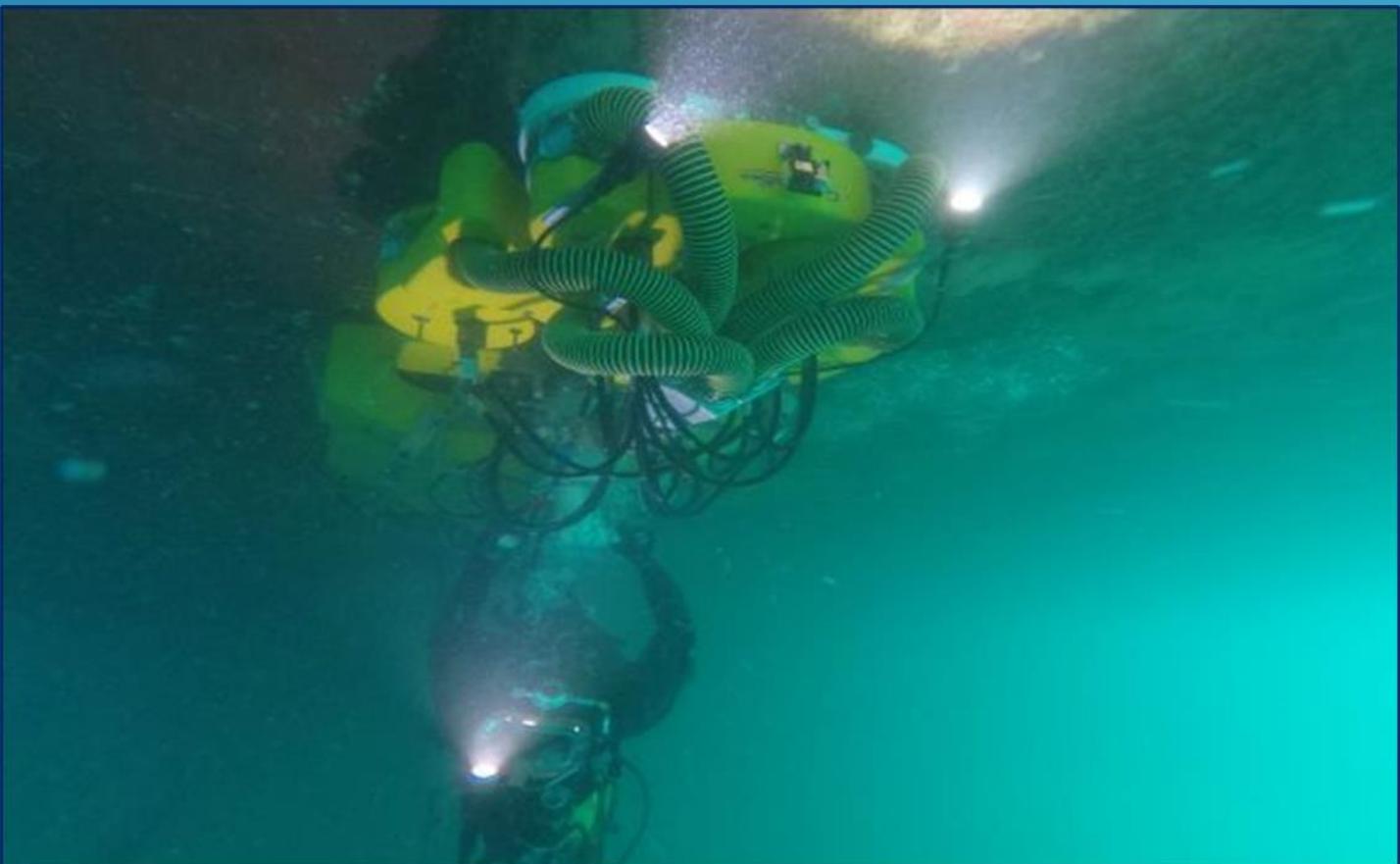
ASX LISTING UPDATE

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.

Based on our current financial forecasts for sales/leasing contract revenue, and given the time delays imposed by the pandemic, the Board believes this updated time frame to be a realistic and achievable one.

Q2 HIGHLIGHTS

- CSS secures the first lease contract of the new Envirocart system for an In Water Hull Cleaning (IWHC) technology operator situated in South Africa
- Additional new international market opportunities being pursued in Africa, China, Singapore, UAE and the UK.
- CSS signs Agency Agreement with Scrimshaw Technologies in the US
- Oil & Gas Fortune 50 company opportunity continues to progress to next stage
- New Envirocart system commissioning started
- CSS can now offer a fully Remotely Operable system
- CSS ASX Listing preparation continues for listing 2H FY2022





OPERATIONS

CSS is pleased to provide the following update on our operations and Progress during Q2 FY2022. Despite significant Covid challenges, the Company has secured its first 60-month lease agreement with a South African based company. We have maintained strong engagement with our interested parties and have been able to negotiate positions close to final contracts with several other Underwater Maritime Service providers. The Company has now developed a pipeline of 37 opportunities with various entities in different markets around the world. We have highlighted some of these current opportunities below.

ENVIRO CART MARKET OPPORTUNITIES

Africa

First lease agreement has been executed with a South African diving operator on the West Coast of South Africa. Our first new Envirocart system is expected to be operating in 2H FY2022. A considerable amount of interest has been received from numerous other entities with operations in Africa. Negotiations with several service providers are currently in progress.

Canada

The Company is supporting a Canadian based diving operator on commercial bids for a tender to provide IWHC services to Canadian Coast Guard vessels. The tender has been reissued as of October 2021 and is expected to be awarded in the next 12 months. We will update any progress made on this opportunity as they come to hand. CSS is also in discussions with other Canadian port authorities regarding Envirocart opportunities.

China

The Company is currently in negotiations with an organisation based in China. The company looks forward to sharing further details in due course.

Germany

Our activities in the German market continue to gain traction as CSS collaborates with a large diving underwater service provider to present solutions to the German authorities for the reintroduction of IWHC activities in Germany. Currently, we are in ongoing discussions with a German Institute to discuss the future of IWHC activities.

Korea

Ongoing discussions for further collaboration with a significant Korean Shipbuilder.

Singapore

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

UAE

The Company is currently in negotiations with an IWHC diving operator based in Abu Dhabi. The company looks forward to sharing further details in due course.

United Kingdom

The Company 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 CSS the choice to provide a faster scale up of Envirocart systems into the marketplace by reducing the upfront capital required by CSS to support new builds with accompanying preferred lease agreements in place.

United States

The Company has executed an Agency Agreement in the US with Scrimshaw Technologies who has direct professional marine relationships in the Defense, Oil & Gas and Maritime sectors. Scrimshaw Technologies attended the Clean Gulf Conference and Exhibition in mid-November 2021 where CSS was a track sponsor. Clean Gulf is the premier annual event for industry and government from North America and beyond to come together and discuss planning, preparedness and response issues for oil and hazardous materials spills. CSS was introduced through various marketing efforts throughout the 3-day conference. Interest has been received from Environmental Services out of Europe, Marine and Oil Companies in Texas, West Coast and Alaska operators; Sea Engineering in Hawaii; Nationwide Coops, National Response Corporation (NRC) and Marine Spill Response Corporation (MSRC). The company looks forward to sharing further details in the future.

Fortune 50 Opportunity

The Company is pleased to receive confirmed intent to proceed with CSS on this project. However, the initiatives timeline has been pushed back by the Client 12 months. The approved Project Plan and the Project Budget Funding Agreement are expected to be finalised in 1H FY2023. 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

ENVIRO CART MANUFACTURE TIMELINE

The Company is pleased to advise that many of the commissioning stages of the new Envirocart system have begun.

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

A structured QHSE management system 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 welcome two highly experienced Software Engineering Contractors to develop and commission the control system. Joey Clarke has resigned from his position as QHSE Manager. We thank Joey for all his hard work and valuable contribution over the years and wish him all the best for his new endeavors.

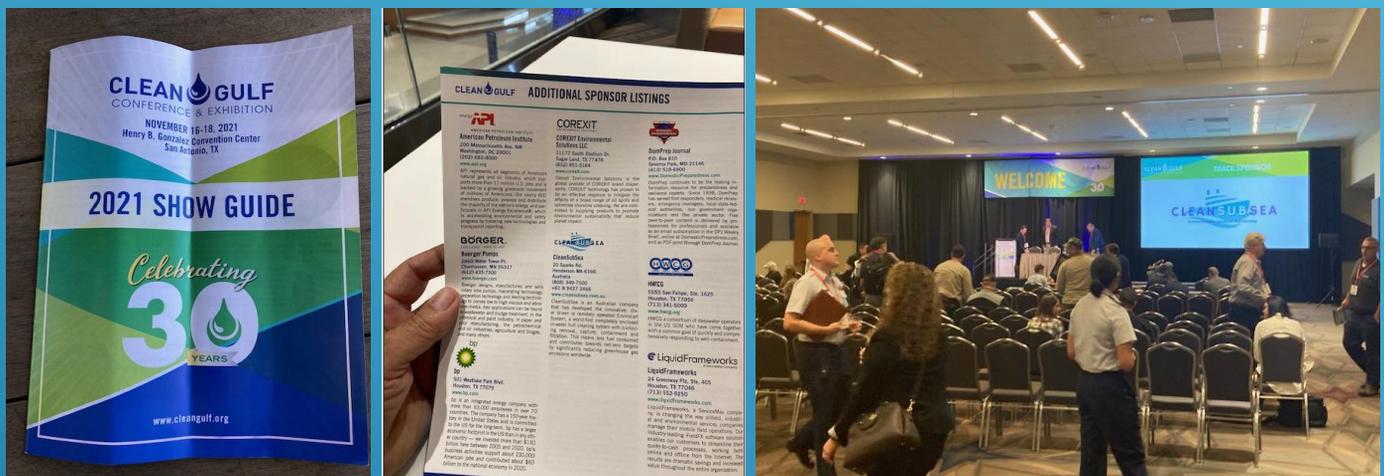
FINANCES

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.

MARKETING

Events

The Company was introduced to delegates at the 2021 Clean Gulf Conference & Exhibition in San Antonio, Texas, which has provided several potential contract leads as well as started marketing and promotional awareness in the USA.



BIMCO

CleanSubSea is participating in BIMCO’s IWHC focus groups and providing advice for new international standards due to be released 1H FY2022. This allows CleanSubSea to influence the wording and performance criteria that will form the guidelines.

IMO

The IMO held a presentation on Responsible Biofouling Management and how it can mitigate GHGe and protect marine biodiversity at COP26 in Glasgow in November. This is the first time this topic has been shared with world leaders, and this level of exposure and focus aligns closely with the Maritime sector being one of the largest industry contributors to GHGe. This is a clear indication that IMO is heading towards legislation for in-water hull cleaning, and CleanSubSea will ensure it is firmly at the forefront of the industry when this comes into place.

Awards

CleanSubSea, finalist in the 2021 Tech for Energy Transition Awards 2021. We look forward to sharing updates in due course.

TECH FOR THE ENERGY TRANSITION AWARDS 2021
POWERED BY TECHNOLOGYCATALOGUE.COM

FINALIST FOR MAINTENANCE

Envirocart

CLEANSUBSEA

Technology Catalogue.com

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.

Have a Merry Christmas and a Happy New Year.

David Johnston

Non-Executive Chairman

CleanSubSea Limited

M : +61 (0) 419 963 575

david.albert.lloyd.johnston@gmail.com

