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Dear Shareholder,

We are writing to bring you up to date with Aqualiner's process/equipment engineering and more general activities. During 2024 there have been a number of important developments including aspects of the equipment, recruitment of a design lead engineer, collaboration discussions and other corporate activities including the appointment of a Board advisor.

Prior to looking at where we are at it is worth reflecting on some of Aqualiner's key milestones to date and the commercial opportunity/benefits of the process:

Milestones

- ✓ Developed a unique product for replacing existing drinking water pipes
- ✓ Obtained UK & US Regulatory approval for installation in drinking water pipes
- ✓ Completed first live sewer installation with Wessex Water
- ✓ Completed first live drinking water installation with Severn Trent Water Plc
- ✓ Built a portfolio of 26 global patents including 3 in the US
- ✓ Established a specifically equipped engineering development centre in Loughborough
- ✓ Funding - In excess of £11 mil (Equity, revenue, R&D tax credits)

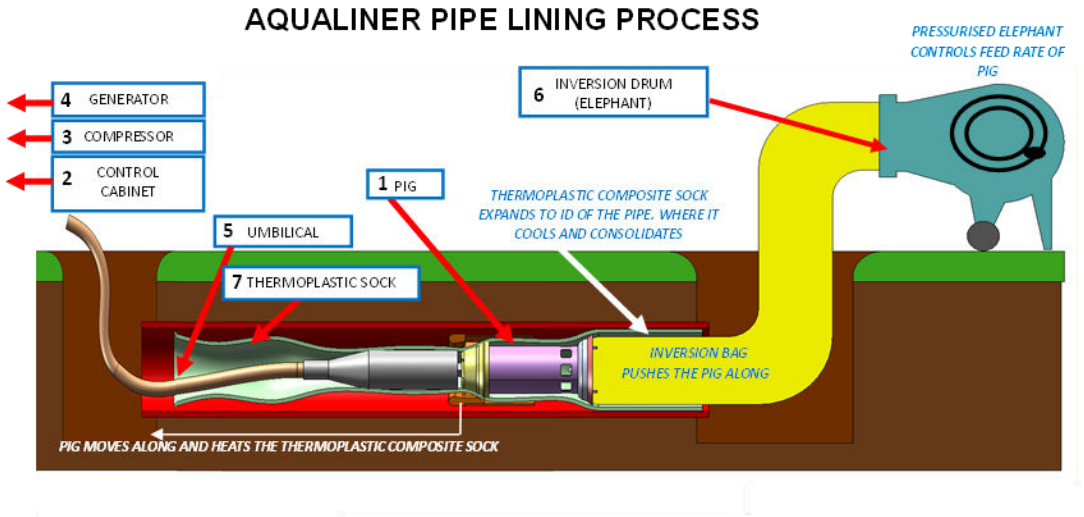
Commercial opportunity/benefits of the process

- ❑ Unique technology for replacing existing drinking water pipes with a fully structural thin walled (3mm) pipe with the same standalone integrity as the existing pressure pipe
- ❑ Cuts drinking water pipe replacement cost by up to 50% and increases the speed, by up to 10 times, of traditional pipe replacement
- ❑ Revenue opportunity £40k for each KM installed with additional sales of territorial licences & installation equipment
- ❑ Sustainable solution - Environmentally friendly technology and product – no chemicals and low carbon footprint
- ❑ Global product for a global market

While UK water companies are ready to start installing as soon as possible, to do this we need to be able to provide their utility contractors with a portfolio of "easy to use" robust commercial equipment with an expanded range of pipe diameter capability, increase the length of a single lining shot, increase lining speed and lining materials. Delivering this is the sole objective of the current equipment development phase.

In our engineering and development centre in Loughborough we continue to make solid progress on the process, equipment and materials with enhancements being incorporated. The enhancements are assisting the development of a more reliable and robust set of installation equipment. Progress to date has focused in key areas such as the heated pig, lining material, umbilical, process control system/architecture, and air compressor. We have established specialist testing capability for lining materials, electronics and selected equipment. The development team are working on the design evolution of the system including a new heater design that satisfies the commercial operating requirement of the equipment when used onsite by utility contractors.

We are developing the control architecture for the process and the design and development of test/control instrumentation based on microcontroller embedded control systems. The control elements are being designed so that they can be used/adopted into both the test environment and then in the operational system. It is essential that the individual embedded systems are all synchronised to allow simultaneous control of all the various elements of the process. The main variables that need to be monitored and controlled include airflow, pressure, temperature, power, speed and humidity. The individual components of the system that need to simultaneously controlled with complete precision include the elements listed below:



- Pig (1)
- Compressor (3)
- Generator (4)
- Umbilical (5)
- Inversion Drum (6)

A major engineering development has been the design and build of our unique test rig for accurately assessing and testing aspects of the airflow output from the heated pig. The rig captures over 100,000 measurements (temperature, pressure etc) from our heated pig's 36 individual air jets in a single 360° rotation. This will enable accurate evaluation of development/modifications being made by the team.

The known complexities of the development work, whilst we can overcome them, should not be underestimated. The flow dynamics in the heated pig, for example, need to result in the heating of the cold air to 200+°C and that air exits the Pig's jets (36) at twice the speed of sound (Mach 2). The exiting air evenly melts the lining material and therefore needs to be at the same speed and temperature for the whole circumference of the pig. Whilst at the same time the system control architecture controls the speed of the liner material transiting through the Pig to ensure a precise level of melting of the polypropylene. As in this example, the design features/elements of the system are all tightly integrated and changes in any element are likely to have a knock-on effect to other elements. It is the development of one complete system as opposed to individual isolated parts. We know what we have to do and at this stage don't see any major hurdles aside of rapidly expanding the development team. We appreciate that progress has been slower than anticipated but we do plan to start the UK commercial launch in 2026. Exact timing is subject to the continued expansion of our development team with relevant skills and experience.

In addition to the work already in progress, the development activity during 2025 will focus on incorporating other areas of the process including:

- developing the inversion bag design as a result of development changes around lining material
- developing a larger inversion drum incorporating modified deployment control
- the development of the umbilical along with the retrieval system
- the development of the liner installation tensioning process
- the develop/design additions for entrance/exit end pit frame, such as inversion drum coupling and liner pull-in winching system.

In July, after reviewing many candidates, we recruited an Engineering Design Lead with over 20 years relevant experience. After an initial induction period he is making a positive contribution to the development program and to the development team. Now he has bedded in with the team we are continuing our recruitment drive for further key hires of a similar calibre in terms of multi-skills & experience. Our short-term key hires are i) CAD – Design Manager, ii) Mechanical Engineer, iii)Technical Assistant and iv) Electronics Engineer.

The recruitment campaign continues as a core activity. In recent months there has been a better flow of candidates. We believe that the bolstering of the Company's presence financially, corporately through collaboration, adding core team members is further strengthening our employment proposition when attracting quality candidates.

The Company continues to build a global portfolio with 26 granted patents with expiry dates up until 2039. These includes 3 patents granted in the US which is the Company's largest potential market in the western world as 57% of the global pipe rehabilitation takes place in the US. We currently have patents pending grant in Australia and Canada. We intend to file for additional patents relating to our current development activity.

The medium-term impact of the change of UK government remains mostly unknown. However, the water industry is a key focus of the government and we intend to leverage on this wherever possible through the regulator, governmental departments and politicians. We continue to have full support from STW and other UK water companies. We share with them a joint determination to get Aqualiner deployed in STW and throughout the UK water industry. This platform provides the Company with a solid reference to profile Aqualiner in Europe, North America and Asia.

We have received considerable interest from decision makers in UK water companies and their appointed contractors often with sizeable (Kms) projects looking to install a fully structured lining. We continue to have discussions with interested potential partners/licensees in Europe & Asia. We believe that a lot of commercial interest is generated through our regular posts on LinkedIn. If you don't already follow us on Linkedin please do and do like/share the posts.

Not to lose focus on our drinking water pipe replacement liner but we have received commercial interest in the other additional applications for Aqualiner's process, for sewer pipe rehabilitation and drinking water pipe coatings for water quality. The latter being a thin version of our liner forming a barrier coating to the pipe to prevent corrosion contaminating the water but unlike any other product on the market being structural. These are two sizeable existing global markets totalling in excess of $4bn where introducing Aqualiner's process could potentially be disruptive in those markets!

Following Aqualiner being "onboarded" by Innovate UK Business Growth we have engaged in a number of activities including:

- Attending a variety of events focused at international collaboration and investment hosted by Innovate partners, brokers, banks etc.
- One on one meetings with Innovate specialists, Department of Business & Trade, Defence & security accelerator, Innovation banking others relating to non-dilutive funding opportunities.

Through Innovate we are looking at obtaining funding from grants, match funding, strategic relationships, and other sources.

Probably the most important result, to date, from our activity with Innovate was that in July we appointed Lord Darren Mott OBE as a Board Advisor to Aqualiner. With an illustrious career in public service, Darren brings a wealth of experience and strategic insight that will be invaluable as we continue our mission to revolutionise the renewal of drinking water and sewer pipes through innovative, trenchless technology.

Darren, a distinguished figure in the Conservative Party, has dedicated over three decades to public service. His exceptional leadership skills and strategic insight were pivotal in steering the party through numerous challenges, including the COVID-19 pandemic and achieving significant electoral successes. His extensive experience in managing complex projects and leading large teams will significantly enhance Aqualiner's strategic initiatives and operational efficiency. Darren's unwavering commitment to public service and dedication to improving community infrastructure aligns perfectly with our goals. His strategic guidance will be instrumental as we expand our market presence and capabilities, ensuring that more communities benefit from our cutting-edge technology.

We attended "No Dig Live" Conference and Exhibition at Stoneleigh where OnSite Central Ltd, our UK licensee, were exhibiting. No-Dig Live is attended by substantial numbers involved in the installation or refurbishment of underground utilities and represent a worldwide perspective of trenchless technology in one place. It's always interesting to visit but as usual there was no exhibit of technology relating to fully structured lining of drinking water pipe. Not that we were expecting any!

We have just received our payment for Research and Development (R&D) tax credits from the HMRC for £118,000. This brings the total received to date to in excess of £1 million. Research and Development (R&D) tax credits are a UK government incentive designed to reward companies for investing in development/innovation.

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Dr Dec Downey (Aqualiner's Chairman) through his role as The International Society for Trenchless Technology's President puts him in contact with many asset owners, their consultants and contractors around the world. In the past twelve months Dec has participated in trade shows and technical conferences in Mexico, Kuala Lumpur, Manila and Dubai. He shared Aqualiner's progress at these events while gathering information on local industry developments.

During the summer we presented and attended a number of events/meetings focused on investment in companies at our stage of developments The company currently has a cash runway through to 3rd quarter 2025 at the current monthly burn rate. We now plan to leverage on all fronts to accelerate the development and deployment of Aqualiner process. We see this being bolstered through the activity with Innovate, commercial collaborations and having sufficient funding.

The Company plans to issue up to 6,000,000 shares at 50p per share to raise up to £3m, at a pre money valuation of £15m. We have received EIS advanced assurance from HMRC(UK) for this funding. The proceeds will be used to fund the final development and commercial launch of the utility contractor's process and equipment. This share offer is open to all shareholders and their associates. Please feel free to make a direct introduction or share it with individuals/groups you feel might also be interested in this investment opportunity. We believe this issue is the last funding before an IPO and being a public company. We will be separately circulating to shareholders a "General Meeting" letter with a resolution to approve the additional issue of shares.

Going into 2025, activity outside ongoing development activities of the utility plant and equipment will include:

i. Global licensing discussions
ii. Further patent grants
iii. Non-diluted funding
iv. AIM listing build
v. Corporate activity results of discussions
vi. Partnership joint ventures collaborations

Finally, the Company would like to thank all our shareholders for their support. As we all know we have a really exciting period ahead of us with a huge commercial opportunity with significant customer demand and no meaningful direct competition. However, we will require further funding for the final development and launch of the utility contractor's process and equipment. Whilst we know what we have to do and are making solid progress with a cash runway into Q3 2025 we need to raise up to £3m to finish the job!

Yours faithfully,

R. Adams

Managing Director