

ASX RELEASE

29 July 2022

Capital raise to support Kentucky production facility and Joint Venture

Highlights:

- Carbonxt has signed a term sheet for 50% ownership in a new state-of-the-art activated carbon plant located in eastern Kentucky, USA in joint venture with KCP, an established and leading industry player that is well capitalized and well connected in the US market ("Joint Venture")
- To support its initial contribution to the Joint Venture, Carbonxt is undertaking an equity capital raising via:
 - A 1-for-4 partially underwritten, non-renounceable accelerated entitlement offer to raise up to a maximum of \$6.6 million (\$2.0 million underwritten)
- In addition, Carbonxt has signed term sheets for additional funding (subject to binding documentation and shareholder approval):
 - Convertible Note Facility to raise \$5.0 million from two high quality Australian institutional investors; and
 - An increase in the existing Loan Facility provided by PURE Asset Management of \$8.5 million
- Supporting the new Kentucky Joint Venture, Carbonxt announces new contracts for ~2,400 tons at an average price of US\$3,725 per ton, expected to generate 55% gross profit margins
- Funds raised will be used to fund Carbonxt's initial contribution to the Kentucky Joint Venture and plant currently under construction

Carbonxt Group Limited (ASX:CG1) (**Carbonxt** or **Company**) is pleased to announce a partially underwritten capital raise to raise approximately \$6.6 million via a partially underwritten accelerated non-renounceable entitlement offer, with the proceeds used to fund Carbonxt's initial contribution to the Kentucky plant and Joint Venture with KCP.

The Company is also pleased to announce today that it has signed a term sheet for a 50% ownership in a new state-of-the-art activated carbon plant located in eastern Kentucky, USA in collaboration with KCP, an established and leading industry player that is well capitalized and well connected in the US market.

Kentucky plant and joint venture

The new activated carbon production plant is located in eastern Kentucky alongside innovative waste to energy ('WTE') provider Inez Power LLC. The plant will significantly increase production capacity and gross margins and will allow existing capacity to be repositioned to produce more specialised products.

- Increases current production capacity from ~16,000 tonnes to over 25,000 tonnes (a 57% increase), with a further expansion available thereafter. All capacities are in economic ownership terms (i.e. 50% of new capacity)



- Cost of production for incremental Kentucky volumes expected to be materially less than existing capacity due to higher quality feedstock, low-cost renewable power source and shared services with KCP.
- Production Facility located adjacent to established and operational, renewable waste-to-energy facility, providing synergistic opportunities to further improve operating costs and quality control.
- Via a combination of its use of renewable energy and proprietary processes, Management believes that Kentucky will operate as one of the most sustainable plants of its kind in the world.
- Carbonxt's share of revenue is expected to be \$25 million at 50% capacity, and \$50 million at 100% capacity once the plant is fully operational.
- Carbonxt's share of gross profit is expected to be \$13.8 million at 50% capacity, and \$27.5 million at 100% capacity once the plant is fully operational.
- Provides Gross Margins of approximately 55% based on initial contracts. Modest incremental operating cost requirement for CG1, resulting in significant operating leverage.

Capital Raising

The Company is pleased to announce a partially underwritten pro rata entitlement offer (**Entitlement Offer**) (together, the **Offer**) at \$0.14 per share to raise approximately \$6.6 million before costs.

The Entitlement Offer will be an offer of approximately 47.4 million new fully paid ordinary shares in the Company (**New Shares**) on the basis of one New Share for every four existing shares held by eligible shareholders on the Record Date (**Entitlement**).

The offer price is a discount of 6.7% to the closing price of CG1 shares on ASX on Thursday, 28 July 2022 and 10.1% to the 10-day volume weighted average price prior to that date.

Only Carbonxt shareholders with a registered address in Australia or New Zealand as at 7.00pm (AEST) on Tuesday, 2 August 2022 will be eligible to participate in the Entitlement Offer. The Offer Document will be lodged with ASX today, and will be sent to eligible shareholders together with a personalised Entitlement and Acceptance Form no later than Friday, 5 August 2022.

In order to fund Carbonxt's initial contribution to the Joint Venture, the Entitlement Offer is partially underwritten by MA Moelis Australia Pty Limited and Shaw and Partners Limited, who have also been appointed as Joint Lead Managers to the Offer. Details of the underwriting are set out in the Offer Document.

Term Sheets signed for additional funding

In addition to the capital raising, Carbonxt has also signed term sheets in relation to the following facilities:

- Convertible Note Facility to raise \$5.0 million from two high quality Australian institutional investors; and
- An increase in the existing Loan Facility provided by PURE Asset Management of \$8.5 million.



These facilities are subject to completion of binding facility documentation, shareholder approval and final agreements for the Kentucky Joint Venture.

Further details of the terms of the facilities are contained in the Offer Document.

The proposed timetable for the Entitlement Offer is set out in the table below. All dates are indicative only and the Company reserves the right to vary them (subject to the Corporations Act and the ASX Listing Rules).

Activity	Date
Announcement of trading halt and capital raising	Friday, 29 July 2022
Institutional Entitlement Offer and bookbuild commences	Friday, 29 July 2022
Carbonxt comes out of trading halt and announces the results of the Institutional Entitlement Offer	Tuesday, 2 August 2022
Record Date for participation in Entitlement Offer (7.00pm (AEST))	Tuesday, 2 August 2022
Retail Entitlement Offer opens and despatch of Retail Offer	Friday, 5 August 2022
Settlement of Institutional Entitlement Offer	Tuesday, 9 August 2022
Allotment of Institutional Entitlement Offer shares	Wednesday, 10 August 2022
Retail Entitlement Offer closes	Friday, 2 September 2022
Announcement of results of Retail Entitlement Offer	Tuesday, 6 September 2022
Settlement of Retail Entitlement Offer	Thursday, 8 September 2022
Allotment of Retail Entitlement Offer shares	Friday, 9 September 2022
Normal trading resumes on all shares	Monday, 12 September 2022

***IMPORTANT NOTE:** The indicative timetable above is subject to change without notice. The Company reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

This announcement has been authorised for release to ASX by the Board of Directors of Carbonxt Group Limited.

ENDS



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About Carbonxt

Carbonxt (ASX:CG1) is a cleantech company that develops and markets specialised Activated Carbon products, primarily focused on the capture of mercury and other contaminants in industrial processes that emit substantial amounts of harmful pollutants. The Company produces and manufactures Powdered Activated Carbon and Activated Carbon pellets for use in industrial air purification, waste water treatment and other liquid and gas phase markets.