



ASX RELEASE

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## Legally Binding Joint Venture Agreement to Build and Operate New Activated Carbon Plant in Kentucky USA

- **JV Agreement is in place with US partner Kentucky Carbon Processing, LLC (KCP) to establish a new state-of-the-art activated carbon plant with CG1's share building to 50%**
- **Increases CG1's current total annual production quotas to 21,000 tons of high quality activated carbon products with a further expansion anticipated for minimal further capex**
- **CG1 emerges with a diversified manufacturing portfolio in North America with plants in Kentucky, Minnesota and Georgia**
- **Additional capacity from Kentucky plant allows CG1 to expand customer base to new industries with an emphasis on water & wastewater benefiting from EPA regulatory change**

United States focused Cleantech company **Carbonxt Group Ltd (ASX:CG1)** ("**Carbonxt**" or "**the Company**") is pleased to confirm that a legally binding Joint Venture Agreement, 'NewCarbon', has been established with KCP to develop its much anticipated state-of-the-art activated carbon production facility in Kentucky, USA.

Carbonxt will contribute US\$10m to NewCarbon staged over the next two years (subject to completion milestones), while KCP will contribute the relevant Inez Power assets (kiln, turbine, buildings etc) to deliver an initial 10,000+ tons activated carbon plant, with KCP responsible for the delivery of an operational production facility. Funding has been secured to cover working capital, costs to completion of the new plant and funding flexibility for contingencies.

Transitioning the existing Inez Power facility to an activated carbon plant will have lower development risk, lower cost, higher capacity and allow for a better scheduling of payments for Carbonxt, with 45% of the cost paid once the manufacturing plant is operational and generating cashflows.

The JV positions Carbonxt with a major addressable market opportunity in the US water and wastewater treatment industry, backed by key recent changes to the regulatory environment where new water quality standards have been established by the US Environmental Protection Agency (EPA).

EPA regulations specifically target a reduction in current levels of PFAS (Per- and Polyfluoroalkyl Substances) – widely used chemicals which are found in soil, water and air and break down very slowly over time.

Scientific studies have shown that exposure to some PFAS may be linked to harmful health effects, which has prompted a dedicated regulatory response to reduce existing levels of PFAS in the environment.

National Primary Drinking Water Regulations for PFAS will be enacted in 2023 and enforced by the EPA from 2024 onwards, backed by the federal Clean Water Act and US\$10 billion in funding under the Biden administration's Bipartisan Infrastructure Law to support compliance with new PFAS standards.

Amid those regulatory tailwinds, the Kentucky JV facility will deliver a major increase in production capacity for Activated Carbon (AC) products which are used as the primary solution by water utilities to treat PFAS.

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Based on its current product mix and sand sector exposure, Carbonxt has an addressable US market of ~US\$290m, with approximately 5% market share. Importantly, the Kentucky JV will facilitate entry into the liquid-phase market for ACs (water treatment), which expands the estimated addressable market to ~\$US900m.

**Managing Director Warren Murphy said:** *“Formal confirmation of our JV partnership for the construction of a state-of-the-art AC production facility in Kentucky is a landmark development for Carbonxt. The NewCarbon agreement positions the Company to play a central role in the manufacture and supply of Activated Carbon products, to meet a pending step-change in demand for water treatment solutions in the US market. The project uniquely benefits from the combination of attractive development economics, combined with a lucrative outlook for long-term cashflow generation. We’d like to thank Carbonxt shareholders for their ongoing support, and look forward to providing ongoing updates on construction and development of the plant.”*

**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 Limited (ASX:CG1) is a cleantech company that develops, and markets specialised Activated Carbon products, focused on the capture of 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, wastewater treatment and other liquid and gas phase markets.**

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