



ASX RELEASE

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Update on Construction Progress at Kentucky

- Following accelerated construction activity, the state-of-the-art Activated Carbon facility in Kentucky, USA is now scheduled to begin commissioning production in January 2024; project is on budget
- Confirmation that the milestone payment of US\$500,000 has been made now that all equipment has successfully been delivered to site, in accordance with the terms of the Joint Venture agreement between Carbonxt and its US development partner
- Expanded production outlook has been accompanied by promising feedback from current and potential customers; potential sales pipeline viewed as highly encouraging
- An interview with Dr. David Mazyck, alongside Carbonxt Inc CEO Dr. Regina Rodriguez, providing details on recent construction activity and the Company's near-term sales outlook [is available at this link](#)

United States focused Cleantech company **Carbonxt Group Ltd (ASX:CG1)** ("**Carbonxt**" or "**the Company**") is pleased to provide this update with respect to the development of its state-of-the-art activated carbon production facility in Kentucky, USA. The investment is in NewCarbon LLC, in Kentucky – an intended 50%-owned operations with US-based partner, Kentucky Carbon Processing (KCP) (*refer ASX Announcement 31 May 2023*).

Construction activity to transition the existing power plant into a state-of-the-art Activated Carbon production facility is running ahead of schedule. Commissioning of the plant is now expected start in January 2024.

In Figures 1 to 4, the scale of progress can be seen with the plant now almost ready to commence operations with the bulk of technical mechanical work already completed.

Located in eastern Kentucky, the proposed plant is expected to generate initial production rates of 10,000 tons per annum of high-grade activated carbon products, with the capacity to expand to up to 20,000 tons.

The Company confirms the milestone payment of US\$500,000 to NewCarbon, LLC in accordance with the terms of the agreement with KCP and NewCarbon, LLC, has now been made. This payment was due when all major equipment was delivered to site.

Accompanying the delivery of key equipment, Dr David Mazyck recently transitioned within the business to oversee construction development works at the NewCarbon, LLC project site (*refer ASX Announcement 21 September 2023*). Since Dr Mazyck's appointment, key performance milestones for the project have been clearly established with Carbonxt and KCP working in tandem to accelerate construction.

In conjunction with this construction work, NewCarbon is also fielding significant interest from market participants, where feedback from both current and potential customers has been highly encouraging. Over the next two months, preliminary batch runs of AC pellets will be produced at the NewCarbon facility and distributed for testing with several customers.

Potential customers are attracted to the NewCarbon facility's product pipeline for several reasons, such as the improved pressure drop performance at water filtration plants that is achieved when using a pelletised product. Once operational, NewCarbon will be the only coal-based pelletising AC manufacturing facility in

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the United States, which by itself is an entry point for the company into the water filtration utility industry. This is a market unserved by the Company's AC pellets to date.

In addition, as part of the targeted removal of PFAS in US water supplies, activated carbon products will play a key role in water treatment and air purification processes for multiple sectors. The new production facility is expected to expand and consolidate Carbonxt's position in this fast-growing market.

A recent interview, where Dr. Mazyck and Dr. Rodriguez detail the recent construction works at the Kentucky facility and the near-term outlook for sales and commissioning of production [can be found at this link](#).

Other Corporate News

Elsewhere, the Company has continued to focus on cost savings at its existing plants, which is expected to flow through to additional earnings at the group level alongside the substantial projected near-term revenue growth from the NewCarbon, LLC facility.

With the commencement of operations in Kentucky now only a few months away, the Company is reviewing its AC pellet manufacturing facility at Arden Hills and may consider selling the asset. Indicative interest shown in the asset to date is encouraging and the Company expects to make further updates in its next Quarterly Activities Report.

Comment

Managing Director Warren Murphy said: *"We are delighted with the progress of construction at Kentucky with commissioning only now a few months away. This is a credit to our KCP partners in NewCarbon, as well as the US team at Carbonxt who have successfully managed the ramp up in activity. We are now moving expeditiously into production and sales, and expect to announce first sales from Kentucky in early calendar 2024. It is an exciting time for the Company, with several years of hard work now positioning the Company very favourably in a major US growth industry that have the potential to materially increase Carbonxt's revenue and earnings profile from CY 2024 onwards."*



Figure 1: Drying and Baking



Figure 2: Front view of the Facility

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Figure 3: Coal Milling



Figure 4 Aerial Overview of the Facility

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

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Enquiries

Warren Murphy

Managing Director

+61 413841216

w.murphy@carbonxt.com

Ben Jarvis, Six Degrees Investor Relations: 0413 150 448

About Carbonxt

Carbonxt (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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