



ASX RELEASE

12 December 2023

Despatch of rights issue offer documents

Carbonxt Group Limited (ASX:CG1) (the **Company** or **Carbonxt**) is pleased to advise that the offer document and accompanying entitlement and acceptance form for the non-renounceable pro-rata rights issue offer of one 1 new share for every 9 shares held at the record date at an issue price of \$0.06 per new share to raise approximately \$1.84 million before costs (**Rights Issue Offer**) has been despatched to eligible shareholders today. The Company confirms that the Rights Issue Offer is now open and, unless otherwise extended, will close at 5.00pm (AEDT) on Wednesday, 3 January 2024 (which date may change without notice).

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

ENDS

For Investor Enquiries

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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.



Non-Renounceable Rights Issue – Offer Document

1 for 9 fully underwritten non-renounceable pro-rata offer to Eligible Shareholders of up to 30,588,764 of ordinary shares (**New Shares**) in Carbonxt Group Limited (**CG1**) at an offer price of \$0.06 per New Share to raise approximately \$1,835,326.

Offer closes at 5:00pm (Sydney time) on Wednesday, 3 January 2024

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This Offer is fully underwritten by Chaleyer Holdings Pty Ltd

Important Notice

This is an important document that requires your immediate attention. This document and the accompanying personalised Entitlement and Acceptance Form should be read in their entirety. This document is not a prospectus under the *Corporations Act 2001* (Cth) and has not been lodged with the Australian Securities and Investments Commission.

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser or call the CG1 Offer Information Line on 1300 737 760 (within Australia) or + 61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period.

Important Notices

Defined terms used in these important notices have the meaning given in this Offer Document. This Offer Document is dated 12 December 2023.

This Offer Document is made in accordance with section 708AA of the Corporations Act as modified by Australian Securities and Investments Commission (ASIC) Legislative Instrument 2016/84. This Offer Document does not contain all of the information which an investor may require to make an informed investment decision.

The information in this Offer Document does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Offer Document should be read in its entirety before you decide to participate in the Entitlement Offer. This Offer Document is not a prospectus or other disclosure document under the Corporations Act and has not been lodged with ASIC.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY® or cheque in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Document and you have acted in accordance with and agree to the terms of the Entitlement Offer set out in this Offer Document.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Future performance and forward looking statements

This Offer Document contains forward looking statements and comments about future events, including CG1's expectations about the performance of its businesses and the effect of the funds raised under the Offer on that business. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements and include statements in this presentation regarding the conduct and outcome of the Entitlement Offer and the use of proceeds.

You are cautioned not to place undue reliance on any forward looking statement. While due care and attention has been used in the preparation of forward looking statements, forward looking statements, opinions and estimates provided in this Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of CG1. A number of important factors could cause CG1's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including the risk factors described in section 4 of this Offer Document. Actual results, performance or achievements may vary materially from any forward looking statements and the assumptions on which statements are based. CG1 disclaims any intent or obligation to update publicly any forward looking statements, whether as a result of new information, future events or results or otherwise.

The forward looking statements are based on information available to CG1 as at the date of this Offer Document. Except as required by law or regulation (including the Listing Rules), CG1 undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance

Investors should note that the past performance of CG1, including past share price performance, provides no guarantee or guidance as to future performance, including CG1's future financial position or share price performance.

No overseas offering

This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such offer or invitation. In particular, this Offer Document does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Offer Document is not to be distributed, and no offer of New Shares is to be made, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Document (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this document, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Offer not made in the United States

This Offer Document, and any accompanying ASX announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Document nor the Entitlement and Acceptance Form may be distributed or released in the United States. The New Shares offered in the Entitlement Offer have not been, and will not be, registered under the *U.S. Securities Act of 1933*, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold, directly or indirectly to, persons in the United States or persons who are acting for the account or benefit of a person in the United States unless they have been registered under the U.S. Securities Act (which CG1 has no obligation to do so or procure) or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. The New Shares to be offered and sold in the Entitlement Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

Not financial product advice

The information contained in this Offer Document is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Offer Document carefully and in full before deciding whether to accept your entitlement and/or apply for Additional New Shares. In considering an investment in the Company, you should consider the risks that could affect the financial performance or position of the Company. You should carefully consider these risks in the light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest. Some of the risks that should be considered by prospective investors are set out in section 4 of this Offer Document. There may be risk factors in addition to these that should be considered in the light of your personal circumstances.

No person named in this Offer Document, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the New Shares.

No person is authorised to give any information or make any representation in connection with the Entitlement Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company or the Directors

Eligible Shareholders should carefully read and follow the instructions in section 2 and on the personalised Entitlement and Acceptance Form when making the decision whether to accept your Entitlement (or to apply for Additional New Shares).

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Offer Document. Any information or representation in connection with the Entitlement Offer not contained in the Offer Document may not be relied upon as having

been authorised by CG1 or any of its officers.

Times and dates

Times and dates in this Offer Document are (except where historical) indicative only and subject to change. All times refer to Sydney, Australia time.

Currency

Unless otherwise stated, a reference to dollars (\$) or cents (¢) in this Offer Document is a reference to Australian currency.

Trading New Shares

CG1 will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade New Shares you believe will be issued to you before you receive your holding statement, whether on the basis of confirmation of the allocation provided by CG1 or the Share Registry or failure to maintain your updated details on the Share Registry or otherwise.

If you are in any doubts as to these matters, you should seek advice from your stockbroker, accountant or other independent professional adviser.

Privacy

By completing the personalised Entitlement and Acceptance Form to apply for New Shares (and Additional New Shares, if applicable), you are providing personal information to the Company through the Company's Share Registry which is contracted by the Company to manage applications. The Company, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the personalised Entitlement and Acceptance Form, the Company and the Share Registry may not be able to process or accept your application.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering and advising on, the Company's issued securities and for associated actions.

The information contained in the Company's register of members must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its members) and compliance by the Company with legal and regulatory requirements. An applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the corporate directory set out on the last page of this Offer Document.

Chairman's Letter

12 December 2023

Dear Shareholder,

On behalf of Carbonxt Group Limited I am pleased to invite you to participate in a recently announced 1 for 9 pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in CG1 (**New Shares**) at an offer price of \$0.06 (**Offer Price**) per New Share (**Entitlement Offer**).

On 4 December 2023, CG1 announced its intention to raise up to approximately \$1,835,326 through the Entitlement Offer. The content of that announcement is set out in an announcement lodged with the ASX on 4 December 2023 and is available at www.cglimited.com.au.

The Entitlement Offer has been fully underwritten by the Underwriter.

Also included in that same announcement were brief details of a further capital raise initiative. The Company expects to raise a further \$1,100,000 via a \$600,000 placement of approximately 10,000,000 new fully paid ordinary securities in CG1 to institutional investors which has been completed, and a subsequent placement of approximately 8,333,333 new fully paid ordinary securities in CG1 totalling \$500,000 to Pure Asset Management to be completed at the time the Entitlement Offer closes (together the **Placement**).

Altogether, between the Entitlement Offer and Placement, the Company is looking to raise up to \$2,935,326 to support the development of a new Activated Carbon production facility in Kentucky and to fund general working capital (**Kentucky Facility**).

The Kentucky Facility is one of the Company's three US facilities. It has an initial 10,000t p.a. capacity manufacturing facility and is to be constructed in Kentucky producing Activated Carbon pellets and granular Activated Carbon. The facility can be expanded to 20,000 t p.a. for relatively small additional capital. The Company is progressively investing in this facility with the right to invest for up to a 50% ownership stake.

The Company expects to commence operations at Kentucky Facility. This involves the following:

- (a) completion of the new 10,000 ton per annum pellet facility in Kentucky is expected to occur in the third quarter of the financial year ending 30 June 2024. CG1 has contributed US\$5.5m to date for a 35.48% ownership percentage in NewCarbon Processing, LLC the company set up to own the business. The other partner in the investment is Kentucky Carbon Processing, LLC (**KCP**) and they currently own the remaining 64.52% ownership in NewCarbon Processing, LLC. The Company intends to invest a further US\$4.5m in NewCarbon Processing, LLC staged over the next 18 months (subject to completion milestones) to move to a 50% ownership position. KCP has contributed 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.
- (b) 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 approximately 45% of the cost paid once the manufacturing plant is operational and generating cashflows.
- (c) the investment in NewCarbon Processing, LLC positions CG1 with a major addressable market opportunity in the US water and wastewater treatment industry, backed by key recent proposed changes to the regulatory environment where new water quality standards are being established by the US Environmental Protection Agency.

Details of the Entitlement Offer

This Offer Document sets out the terms of the Entitlement Offer.

Under the Entitlement Offer, Eligible Shareholders are entitled to subscribe for 1 New Share for every 9

existing fully paid ordinary shares in CG1 held at 7:00pm (Sydney time) on Friday, 8 December 2023, at the Offer Price of \$0.06 per New Share.

Subject to the terms of this Offer Document, Eligible Shareholders may also apply for New Shares in excess of their Entitlement. Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements. Subject to the foregoing, CG1 may apply any scale-back (in its absolute discretion).

The price at which Shares trade on the ASX during the period prior to the close of the Entitlement Offer may go up or down and you should check the current trading price of Shares before making a decision in relation to your Entitlements.

The pro-rata nature of the Entitlement Offer favours existing CG1 shareholders in recognition of their continuing support, and provides an equitable mechanism for shareholders to maintain their level of ownership in CG1.

The Entitlement Offer can raise up to approximately \$1,835,326. The Entitlement Offer is fully underwritten by the Underwriter.

New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX, cannot be sold and are therefore not transferable. I encourage you to consider this offer carefully.

Additional information

Further information on the Entitlement Offer is detailed in this Offer Document. You should read the entirety of this Offer Document carefully including the "Risks" section set out in section 4 of this Offer Document before deciding whether to participate in the Entitlement Offer.

If you have any further questions about the Entitlement Offer, you should seek advice from your stockbroker, accountant or other independent professional adviser, or you can call the CG1 Offer Information Line on 1300 737 760 (within Australia) or + 61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period.

On behalf of the Directors, I thank you for your ongoing support of CG1 and look forward to your participation in the Entitlement Offer.

Yours sincerely,

Matthew Driscoll
Carbonxt Group Limited

Summary of the Entitlement Offer

Entitlement Offer

Ratio	1 New Share for every 9 existing Shares
Top-Up facility (shortfall rights)	Eligible Shareholders will have the opportunity to apply for additional New Shares above their Entitlement
Offer Price	\$0.06 per New Share
Size	Approximately 30,588,764 New Shares
Gross Proceeds	\$1,835,326

Key Dates for the Entitlement Offer

Event	Date
Announcement of Offer, lodgement of Appendix 3B and Section 708AA cleansing notice released to ASX	Monday, 4 December 2023
"Ex" Date	Thursday, 7 December 2023
Record Date to determine eligibility to participate in Entitlement Offer	7.00pm (Sydney time) on Friday, 8 December 2023
Dispatch of Offer Document and Entitlement and Acceptance Form and announcement that dispatch completed	Tuesday, 12 December 2023
Last day to extend Closing Date	Thursday, 28 December 2023
Closing Date	5.00pm (Sydney time) on Wednesday, 3 January 2024
New Shares expected to be quoted on a deferred settlement basis	Thursday, 4 January 2024
Announcement of results of Entitlement Offer, lodgement of Appendix 2A	Friday, 5 January 2024
Issue of New Shares under the Entitlement Offer	Monday, 8 January 2024
Trading of New Shares under the Entitlement Offer expected to commence on ASX on a normal settlement basis	Tuesday, 9 January 2024
Holding statements sent to Shareholders	Wednesday, 10 January 2024

Note: The timetable above is indicative only and subject to change. CG1 reserves the right to amend any or all of these events, dates and times, without notice, subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), the Listing Rules and other applicable laws. In particular, CG1 reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX. All references in this Offer Document are to Sydney, Australia time. CG1 also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to applicants.

The commencement and quotation of New Shares is subject to the discretion of ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

Enquiries

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call the CG1 Offer Information Line on 1300 737 760 (within Australia) or + 61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period.

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1 Overview of the Entitlement Offer

1.1 Entitlement Offer

The Company is offering Eligible Shareholders the opportunity to participate in a fully underwritten non-renounceable rights issue of New Shares on the basis of one (1) New Share for every nine (9) Existing Shares held on the Record Date, being 7.00pm (Sydney time) on Friday, 8 December 2023, at an issue price of \$0.06 per New Share.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

Certain terms and abbreviations in this Offer Document are defined in the glossary of terms in section 6.

Eligible Shareholders are invited to take up all or part of their Entitlement.

Eligible Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Please note that Additional New Shares in excess of Entitlements will only be allocated to an Eligible Shareholder subject to CG1's absolute discretion having regard to the circumstances at the time of the close of the Entitlement Offer. Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements. Subject to the foregoing, CG1 may apply any scale-back (in its absolute discretion).

The Entitlement Offer opens at 10:00am (Sydney time) on Tuesday, 12 December 2023 and closes at 5:00pm (Sydney time) on Wednesday, 3 January 2024. The Offer Document will be dispatched on Tuesday, 12 December 2023, along with a personalised Entitlement and Acceptance Form, to Eligible Shareholders.

New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The Entitlement Offer is fully underwritten by the Underwriter.

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act as modified by Australian Securities and Investments Commission (ASIC) Legislative instrument 2016/84 which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied.

As a result, this offer is not being made under a prospectus and it is important for Eligible Shareholders to read and understand the information on CG1 and the Entitlement Offer made publicly available by CG1, prior to taking up all or part of their Entitlement.

1.2 Who is eligible to participate in the Entitlement Offer?

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to subscribe for 1 New Share for every 9 existing Shares held as at the Record Date, at the Offer Price of \$0.06 per New Share. **Eligible Shareholders** are those Shareholders who:

- (a) are registered as a holder of Shares as at the Record Date, being 7:00pm (Sydney time) on Friday, 8 December 2023;
- (b) as at the Record Date, have a registered address in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of such person in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

1.3 What is your Entitlement?

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 9 existing Shares you held as at the Record Date, being 7:00pm (Sydney time) on Friday, 8 December 2023. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

1.4 No Entitlements Trading

The Entitlement Offer is non-renounceable. Accordingly, your Entitlement cannot be traded on the ASX, nor can it be sold, transferred or otherwise disposed of.

1.5 ASX quotation

Subject to approval being granted, quotation of the New Shares is expected to commence on Monday, 8 January 2024 for New Shares issued under the Entitlement Offer.

Holding statements will be despatched in accordance with the Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk. CG1 disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by CG1 or the Share Registry or otherwise.

1.6 Ineligible Shareholders

All Shareholders who are not Eligible Shareholders are ineligible Shareholders (**Ineligible Shareholders**). Ineligible Shareholders will not be entitled to participate in the Entitlement Offer.

CG1 has determined that it would be unreasonable on this occasion to extend the Entitlement Offer to Ineligible Shareholders, having regard to the number of securities held by Ineligible Shareholders, the number and value of New Shares that they would be offered and the costs of complying with the legal and regulatory requirements which would apply to an offer of securities to Ineligible Shareholders in those places.

1.7 Notice to nominees and Custodians

Nominees and custodians which hold Shares as nominees or custodians will have received, or will shortly receive, a letter in respect of the Entitlement Offer.

1.8 Effect of the Entitlement Offer

If all Entitlements are accepted by Shareholders to the full extent, then the Entitlement Offer will not result in any change to the control of CG1.

If all Entitlements under the Entitlement Offer are not accepted to the full extent, then the shareholding interest of non-participating shareholders will be diluted.

The Entitlement Offer is not expected to have a material impact on the control of CG1. The Directors do not expect any Shareholder to hold more than 20% after completion of the Entitlement Offer.

1.9 Allocation policy and scale-back

If there are excess oversubscription applications, CG1 reserves the right to scale back applications for Additional New Shares in its absolute discretion.

In the event of a scale-back, the difference between the Application Monies received, and the

number of Additional New Shares allocated to you multiplied by the Offer Price will be refunded following allotment. No interest will be paid on any Application Monies received and returned.

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2 How to Apply

2.1 What you may do – choices available

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call the CG1 Offer Information Line on 1300 737 760 (within Australia) or + 61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period.

If you are an Eligible Shareholder, you may do any one of the following:

- (a) take up all of your Entitlement and apply for Additional New Shares (see section 2.2 of this Offer Document);
- (b) take up all of your Entitlement (see section 2.3 of this Offer Document);
- (c) take up part of your Entitlement (see section 2.4 of this Offer Document); or
- (d) do nothing and let your Entitlement lapse.

You should note that if you do not take up all of your Entitlement, your percentage shareholding in CG1 will be diluted.

CG1 reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

2.2 If you wish to take up all of your Entitlement and apply for Additional New Shares

If you decide to take up **all** of your Entitlement and apply for Additional New Shares and wish to pay by cheque, bank draft or money order you should:

- (a) complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- (b) insert the number of Additional New Shares you wish to apply for where indicated on the personalised Entitlement and Acceptance Form;
- (c) attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement plus any Additional New Shares applied for) to the form; and
- (d) return the Entitlement and Acceptance Form together with payment to the Share Registry so that it is received by the Closing Date .

If you wish to take up **all** of your Entitlement and apply for Additional New Shares, and you wish to pay by BPAY®, you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement plus any Additional New Shares applied for) so that it is received by the Closing Date.

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

For further information on how you can pay for New Shares, please refer to section 2.7.

If you take up and pay for your Entitlement and Additional New Shares before the Closing Date, it is expected you will be allotted your New Shares on Monday, 8 January 2024. CG1's decision on the number of New Shares allotted to you will be final.

2.3 If you wish to take up all of your Entitlement

If you decide to take up **all** of your Entitlement and you wish to pay by cheque, bank draft or money

order you should:

- (a) complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- (b) attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) to the form; and
- (c) return the Entitlement and Acceptance Form together with payment to the Share Registry so that it is received by the Closing Date.

If you wish to take up **all** of your Entitlement and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) so that it is received by the Closing Date.

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

For further information on how you can pay for New Shares, please refer to section 2.7.

If you take up and pay for your Entitlement before the Closing Date of the Entitlement Offer, it is expected you will be allotted your New Shares on Monday, 8 January 2024. CG1's decision on the number of New Shares allotted to you will be final.

2.4 If you wish to take up part of your Entitlement

If you decide to take up **part** of your Entitlement and allow the balance to lapse, and you wish to pay by cheque, bank draft or money order you should:

- (a) complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form indicating the number of New Shares you wish to take up. This will be less than your Entitlement as specified on the Entitlement and Acceptance Form;
- (b) attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself) to the form; and
- (c) return the Entitlement and Acceptance Form to the Share Registry so that it is received by the Closing Date.

If you wish to take up **part** of your Entitlement and allow the balance to lapse, and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself) so that it is received by the Closing Date.

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

For further information on how you can pay for New Shares, please refer to section 2.7.

If you take up and pay for part of your Entitlement before the Closing Date, it is expected you will be allotted your New Shares on Monday, 8 January 2024.

CG1's decision on the number of New Shares allotted to you will be final.

2.5 If you do not wish to take up your Entitlement

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

2.6 Consequences of not accepting all or part of your Entitlement

If you do not accept all or part of your Entitlement in accordance with the instructions set out above, those New Shares for which you would have otherwise been entitled under the Entitlement Offer (including New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by the other Eligible Shareholders and other parties.

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement and you will not receive any value for your Entitlement. Your interest in CG1 will also be diluted.

The Directors reserve the right to issue any New Shares not issued in the Entitlement Offer (**Shortfall Shares**) to new investors or existing Shareholders within 3 months of close of the Entitlement Offer at a price no less than the Offer Price. The allocation of Shortfall Shares will be within the complete discretion of the Company, having regard to factors such as the Company's desire for an informed and active trading market, its desire to establish a wide spread of shareholders, the size and type of funds under management of particular investors, the likelihood that particular investors will be long-term shareholders, and any other factors the Company considers appropriate.

2.7 Payment

(a) General

The Offer Price of \$0.06 per New Share accepted is payable on acceptance of your Entitlement. You can pay in the following ways:

- BPAY®; or
- cheque, bank draft or money order.

Cash payments will not be accepted. Receipts for payment will not be issued.

Application Monies received from Eligible Shareholders will be held in the CG1 Entitlement Offer Account solely for the purpose of holding the Application Monies.

CG1 reserves the right to cancel the Entitlement Offer at any time prior to the allocation of New Shares under the Entitlement Offer. If the Entitlement Offer is cancelled, all Application Monies will be refunded without interest. To the fullest extent permitted by law, each Eligible Shareholder agrees that any Application Monies paid by them to CG1 will not entitle them to any interest against CG1 and that any interest earned in respect of Application Monies will belong to CG1. This will be the case, whether or not all or none (if the Entitlement Offer is withdrawn) of the New Shares applied for by a person are issued to that person.

Any Application Monies received for more than your final allocation of New Shares will be refunded. No interest will be paid on any Application Monies received or refunded.

(b) Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique reference number) or online at www.investorserve.com.au. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your Entitlement and Acceptance Form.

If you have multiple holdings and receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings, please only

use the reference number specific to the Entitlement on that form. If you do not use the correct reference number specific to that holding, or inadvertently use the same reference number for more than one of your Entitlements, your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the statements on that personalised Entitlement and Acceptance Form; and
- you will be deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5:00pm (Sydney time) on Wednesday, 3 January 2024. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

(c) **Payment by cheque, bank draft or money order**

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.06 multiplied by the number of New Shares that you are applying for;
- in Australian currency drawn on an Australian branch of a financial institution; and
- payable to “Carbonxt Group Limited” and crossed “Not Negotiable”.

If you wish to pay by cheque, bank draft or money order, you must also complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it to the Share Registry accompanied by a cheque, bank draft or money order.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and you will be taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form).

Alternatively, your application will not be accepted.

2.8 Mail delivery

Shareholders who wish to pay via cheque, bank draft or money order should send their completed personalised Entitlement and Acceptance Form together with Application Monies to:

By mail

Carbonxt Group Limited
GPO Box 3993, Sydney NSW 2001

2.9 Effect of Participating in Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, or otherwise applying to participate in the Entitlement Offer or

exercising an Entitlement, you:

- (a) declare that:
 - (i) if you are an Eligible Shareholder, all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
 - (ii) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer; and
 - (iii) you were the registered holder(s) of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (b) authorise CG1 to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- (c) acknowledge that:
 - (i) once CG1 receives the Entitlement and Acceptance Form with the requisite Application Monies or your payment by BPAY®, you may not withdraw it except as allowed by law;
 - (ii) you have read and understood this Offer Document and the personalised Entitlement and Acceptance Form;
 - (iii) the information contained in this Offer Document is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
 - (iv) this Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in CG1 and is given in the context of CG1's past and ongoing continuous and periodic disclosure announcements to ASX;
 - (v) section 4 of this Offer Document contains a "Risks" section and that investments in CG1 are subject to risk; and
 - (vi) none of CG1 or its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of CG1, nor do they guarantee the repayment of capital;
- (d) agree to:
 - (i) apply for, and be issued with up to, the number of New Shares that you apply for at the Offer Price; and
 - (ii) be bound by the terms of this Offer Document and the provisions of CG1's constitution;
- (e) authorise CG1 to register you as the holder of New Shares and authorise CG1 and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instruction of the Share Registry by using the contact details set out in the personalised Entitlement and Acceptance Form; and
- (f) represent and warrant that:
 - (i) the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Offer Document or making an

application for New Shares; and

- (ii) you are an Eligible Shareholder.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY® or otherwise applying to participate in the Entitlement Offer, you will also be treated as:

- (g) having represented and warranted that:
 - (i) you are not in the United States and are not applying for New Shares on behalf of, or for the account or benefit of, a person in the United States;
 - (ii) you and each person on whose account you are acting are not engaged in the business of distributing securities; and
 - (iii) you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer, including this Offer Document and the Entitlement and Acceptance Form, to any person that is in the United States or that is acting for the account or benefit of a person in the United States; and
- (h) acknowledging on your own behalf and on behalf of each person on whose account you are acting that:
 - (i) you are not in the United States and you are not acting for the account or benefit of a person in the United States;
 - (ii) you understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States;
 - (iii) you are subscribing for the New Shares outside the United States in an “offshore transaction” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with reliance on Regulation S under the U.S. Securities Act;
 - (iv) you have not and will not send this Offer Document, the Entitlement and Acceptance Form or any other materials relating to the Entitlement Offer to any person in the United States or any other country outside Australia or New Zealand; and
 - (v) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Offer Document, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

2.10 Brokerage

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement and apply for Additional New Shares.

2.11 Withdrawal of the Entitlement Offer

Subject to applicable law, CG1 reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares, in which case CG1 will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being

payable to applicants.

2.12 Risks

Eligible Shareholders should be aware that an investment in CG1 involves risks. The key risks identified by CG1 are set out in section 4 of this Offer Document but these are not an exhaustive list of the risks associated with an investment in CG1 shares.

2.13 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the CG1 Offer Information Line on 1300 737 760 (within Australia) or + 61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

For personal use only

3 Purpose and Effect of the Entitlement Offer

3.1 Use of proceeds

The purpose of the Entitlement Offer is to fund development of the Kentucky Facility and to fund general working capital.

The Company's present intention is to use the funds raised under the Entitlement Offer (from payment of the Offer Price) as follows:

<u>Item</u>	<u>Amount</u>
Major Equipment Milestone Payment for the Kentucky Facility	\$793,000
Expenses of the Entitlement Offer	\$58,174
Working capital	\$984,152
Total	\$1,835,326

At this stage, the Company also intends to apply funds raised under the Entitlement Offer for the development of the Kentucky Facility and for working capital purposes.

This is a statement of present intention only. The Company and the Directors reserve the right to change the way and the proportion in which funds are applied, particularly if the Entitlement Offer is not fully subscribed.

There is no minimum subscription under the Entitlement Offer and no guarantee that the Entitlement Offer will raise an adequate or sufficient level of funds to enable the Company to achieve its stated objectives.

3.2 Capital structure

The table below sets out the effect of the Entitlement Offer on the capital structure of the Company, assuming that:

- (a) the Entitlement Offer is fully subscribed; and
- (b) no other Shares or options are issued between the date of this Offer Document and completion of the Entitlement Offer.

	Number	%
<u>Shares</u>		
Existing Shares on issue at the date of this Offer Document	275,298,873	90.00%
PLUS: New Shares	30,588,764	10.00%
Total	305,887,637	100.00%
<u>Options</u>		
Existing unlisted options on issue as at the date of this Offer Document	18,250,000	100.00%
<u>Warrants</u>		

Existing warrants on issue as at the date of this Offer Document	64,000,000	100.00%
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The capital structure on a fully diluted basis as at the date of this Offer Document would be 357,545,873 Shares (assuming all options and warrants on issue are exercised) and on completion of the Offer (assuming all New Shares are taken up and all options and warrants on issue are exercised) would be 388,137,637 Shares.

The Company's actual position on completion of the Entitlement Offer may differ from the position illustrated in the pro-forma capital structure table above if the Entitlement Offer is not fully subscribed.

If the Entitlement Offer is not fully subscribed, fewer New Shares will be issued than shown in the table above. After the Closing Date, the Company will announce to the ASX the actual number of New Shares to be issued under the Entitlement Offer.

3.3 Effect on control

Eligible Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted.

If all Entitlements are accepted by Eligible Shareholders to the full extent, then the Entitlement Offer will not result in any material change to the control of the Company.

Further, the Placement and the Entitlement Offer is not expected to have a material impact on the control of the Company. Specifically, the Company does not expect any Shareholder to hold more than 20% after completion of the Entitlement Offer.

3.4 Reporting and disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. These obligations require ASX to be notified periodically and on a continuous basis of information about specific events and matters as they arise for the purpose of ASX making the information available to the financial market operated by it.

In particular, the Company has an obligation under Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Company, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of the Company's securities. The Company is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report, and an audit or review report.

3.5 Rights and liabilities attaching to Shares

Immediately after issue and allotment, the New Shares will be fully paid Shares and will rank *pari passu* with the Shares currently on issue.

Detailed provisions relating to the rights attaching to the New Shares are set out in the Constitution and the Corporations Act. A copy of the Constitution can be inspected during office hours at the registered office of the Company and Shareholders have the right to obtain a copy of the Constitution, free of charge.

The rights attaching to Shares may be varied with the approval of Shareholders, by special resolution at a general meeting.

4 Key risk factors

4.1 Overview

The New Shares offered under this Offer Document should be regarded as speculative due to the inherent risks associated with the Company's activities. Neither the Company nor the Directors warrant the future performance of the Company or any investment made pursuant to this Offer Document.

The Directors recommend that Shareholders and potential investors examine the contents of this Offer Document together with previous ASX disclosures and public documents of the Company, including its most recent audited financial statements, and rely on advice of their professional advisers before deciding whether or not to apply for New Shares pursuant to this Offer Document.

4.2 General risk factors

Fluctuations in the global economic conditions as well as general trends in the Australian and overseas markets may affect the trading price of the Shares on the ASX. An investment in the Company involves general risks associated with any investment in shares of companies that are listed on the ASX. The following summary of the general risk factors, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

(a) Fluctuations in the stock market

The price of securities listed on the ASX may rise or fall due to numerous factors which may affect the market performance of the Company including:

- (i) general economic conditions, including inflation rates and interest rates;
- (ii) variations in the local and global markets for listed shares in general;
- (iii) changes to government policy, legislation or regulation;
- (iv) competition in the industries in which the Company and its subsidiaries operate; and
- (v) general operational and business risks.

The Entitlement Offer carries no guarantee in respect of profitability, dividends, return of capital or the price at which Shares trade on the ASX.

(b) General Market Risks

General economic factors such as interest rates, exchange rates, inflation, business and consumer confidence and general market factors may have an adverse impact on the Company's performance, prospects or value of its assets. The market price of the Shares will fluctuate due to various factors, many of which are not specific to the Company, including domestic and international general economic conditions, inflation rates, interest rates, exchange rates, changes in government, fiscal and monetary policies, regulatory changes, global investment markets, geo political events and hostilities and other factors that may affect the Company's financial performance and position. In the future, these factors may cause Shares to trade at or below their issue price.

(c) Regulatory Risks

The Company is heavily reliant on US environmental policies and regulation, in particular the EPA's Mercury Air Toxics Standards regulations that came into force in April 2016 to tightly regulate the emission of mercury released through the burning of coal, and the Effluent Limitation Guidelines (**ELGS**). Any change to or reversal of current legislation would have a significant negative effect on the Company's business model and financial performance.

(d) Litigation

In the ordinary course of business, the Company may be involved in litigation disputes from time to time. Litigation disputes may adversely impact the operational and financial performance of and industry standing of the Company. In the case where the impact of legal proceedings is greater than or outside the scope of the Company's insurance, such litigation could negatively affect the Company's financial position.

4.3 Specific Risk factors**(a) Ability to retain existing clients or attract new clients**

The Company's business depends on its ability to retain existing customers, together with its ability to attract further business from existing customers or attract new customers. The loss of existing customers or the inability to attract new customers would have an adverse impact on the financial position of the Company.

(b) Intellectual Property

The Company relies on its intellectual property (including technology, know how, trademarks, designs and patents) and there can be no assurance that competitors or other parties will not imitate or develop technology and know-how that challenges or competes with the Company or supersedes the Company's intellectual property. In addition, any unauthorised use or disclosure of the Company's intellectual property may also have an adverse effect on the Company's financial performance.

(c) Reliance on key personnel

The Company employs, or engages as consultants, a number of key management and scientific personnel. The inability of the Company to retain and attract highly qualified and experienced personnel could have a material adverse impact on the Company's business and financial performance.

(d) Competition Risk

The Company operates in a dynamic AC market primarily driven by the US Environmental Protection Agency's regulations. There is a possibility that existing or new competitors may increase competitive pressure through technological advancements, volume increases or pricing and other strategies. Any significant advancements in technology for producing AC have the potential to change the competitive environment in which the Company operates.

(e) Safety and industrial accidents

The production and supply of the Company's products is subject to safety related risks, which is being managed carefully by the Company. Despite the relevant safety guards there is no guarantee a serious accident will not occur in the future. A serious accident may negatively affect the financial performance and/or financial position of the Company.

(f) Exchange rate risk

The Company is exposed to movements in exchange rates. Financial statements are maintained in Australian dollars however for the foreseeable future the vast majority of the Company's revenue and expenses will be denominated in United States dollars. Adverse movements in the AUD/USD exchange rate may have an adverse effect on the financial performance and/or financial position of the Company.

(g) Brand establishment and maintenance

Establishing and maintaining its brand in the industry is critical to growing the Company's customer base and product acceptance. Prior to entering into supply agreements, the Company is required to undertake vigorous testing of its Activated Carbon solutions. While

the Company has so far been successful in tests undertaken to support the effectiveness of its products and processes, any future unsuccessful tests for potential customers could adversely affect the Company's brand, and its business and operating results could be adversely affected. The Company must also maintain and support its existing customer relationships to maintain its brand and attract further customers.

(h) **Product liability and uninsured risks**

The Company is exposed to potential product liability risks, which are inherent in the research and development, manufacturing, marketing and use of its products or products that are developed in the future. Whilst the Company has liability insurance to help manage such risks, the Company may not be able to maintain insurance for product or service liability on reasonable terms in the future and/or the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on any such claims.

(i) **Offshore operations**

While the Company's corporate management is in Australia, its operations are based in the United States. The global nature of the coal fired generation business and the United Nations initiatives in respect of mercury capture, may result in the Company's activities extending to other countries in the future. Geographic diversity adds risk to the ability of the Company to manage its operations and employees, and introduces additional risks relating to the general economic, regulatory, legal, social and political environment in the jurisdictions in which it intends to operate, which may in turn adversely affect the Company's business and financial condition.

5 Important Information

5.1 Underwriting

The Company has entered into an underwriting agreement with Chaley Holdings Pty Ltd (**Underwriter**) who have agreed to fully underwrite the Entitlement Offer and on certain terms and conditions (**Underwriting Agreement**) which are summarised below:

(a) Underwriter

The Underwriter will be acting as underwriter for the Entitlement Offer. Subject to certain notices to be given by the Company, the Underwriter is required to apply and make payment for Shortfall Securities, but the number of New Shares to be subscribed for by the Underwriter is capped at 30,588,764 New Shares i.e. being 100% of all New Shares offered under the Entitlement Offer.

(b) Fees

The Company must pay the Underwriter:

- (i) an underwriting fee of 6% of the of the underwritten amount, being \$114,708; and

the Company must also pay or reimburse the Underwriter for costs they have incurred in respect of the Entitlement Offer, including legal fees (up to an agreed cap), reasonable out of pocket expenses (including travel expenses, bookbuild expenses and stamp duty or similar taxes payable in respect of the Underwriting Agreement).

(c) Warranties and termination events

Subject to certain exceptions, the Company has agreed to indemnify the Underwriter, its affiliates and related bodies corporate (as that expression is defined in the Corporations Act), and its respective directors, officers, employees, partners, agents, advisers, contractors and representatives (each an **Indemnified Party**) from and against all losses suffered or incurred by an Indemnified Party, directly or indirectly in connection with the Entitlement Offer or the Underwriting Agreement.

As is customary with these types of arrangements, the Underwriting Agreement contains representations and warranties and indemnities in favour of the Underwriter.

The Underwriter may, in certain circumstances, terminate its obligations under the Underwriting Agreement on the occurrence of certain termination events (in some circumstances, having regard to the materiality of the relevant event) including, but not limited to, where:

- (i) the Underwriter forms the view that there is:
 - A. a material misstatement or omission in this Offer Document;
 - B. a material adverse change in the assets, liabilities, financial position or performance or forecasts of the Company;
 - C. the ASX/S&P 300 Index published by ASX falls to a level that is less than 90% of the level as at the close of trading immediately preceding the date of the Underwriting Agreement and remains below that level for a period of 2 consecutive trading days during the period from the announcement date until the final settlement date;
 - D. certain ASIC orders are issued or applied for, or certain investigations commence by ASIC in relation to the Entitlement Offer documents;

- E. the Company withdraws an Entitlement Offer document or the Entitlement Offer or indicates that it is not going to proceed;
- (ii) the Company is prevented from allotting or issuing the New Shares or approval is not given for quoting the New Shares;
- (iii) any action to change control of the Company, including any action to remove directors by any shareholder;
- (iv) a pandemic, epidemic or large-scale outbreak is declared by the World Health Organisation or the Commonwealth of Australia or in respect of which there is a major escalation but excluding in each case any known events, circumstances or measures existing as at the date of the Underwriting Agreement involving any one or more of Australia, New Zealand, the United States of America and the United Kingdom; and
- (v) in respect of any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member of the North Atlantic Treaty Organisation, Finland, Sweden, the People's Republic of China and Japan:
 - A. hostilities not presently existing commence (whether or not war has been declared);
 - B. a major escalation in existing hostilities occurs (whether or not war has been declared);
 - C. a declaration is made of a national emergency or war;
 - D. a terrorist act is perpetrated in any of those countries or a diplomatic or military or political establishment of any of those countries elsewhere in the world; or
 - E. a chemical or nuclear weapon attack is perpetrated anywhere in the world.

The Underwriting Agreement also contains a number of other customary termination events including insolvency of the Company and its controlled entities, certain changes in law and specified disruptions in financial markets.

5.2 Responsibility for Offer Document

This Offer Document (including the enclosed personalised Entitlement and Acceptance Form) has been prepared by CG1.

This Offer Document is dated 12 December 2023.

No party other than CG1 has authorised or caused the issue of this Offer Document, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Document.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Document. Any information or representation that is not in this Offer Document may not be relied on as having been authorised by CG1, or its related bodies corporate in connection with the Entitlement Offer.

5.3 Additional announcements

There may be additional announcements made by CG1 after the date of this Offer Document and throughout the period that the Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by CG1 (by visiting the ASX website at www.asx.com.au) before submitting your application to take up your

Entitlement.

5.4 Taxation

You should be aware that there may be taxation implications associated with participating in the Entitlement Offer and receiving New Shares (and Additional New Shares).

The Company does not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares (and Additional New Shares) under the Entitlement Offer. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shares.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares (and Additional New Shares) under this Offer Document.

5.5 Status of Offer Document

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus.

Neither this Offer Document nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC. This Offer Document is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in CG1. They do not contain all the information which would be required to be disclosed in a prospectus.

As a result, it is important for Eligible Shareholders to carefully read and understand the information on CG1 and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Offer Document and other announcements made available at www.asx.com.au.

This Offer Document does not contain financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. CG1 is not licensed to provide financial product advice in respect of the New Shares. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Offer Document, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

5.6 Offer Document availability

Eligible Shareholders in Australia and New Zealand can obtain a copy of this Offer Document during the period of the Entitlement Offer by accessing the ASX website or accessing the CG1 Entitlement Offer website at [https:// cglimited.com.au](https://cglimited.com.au)

Persons who access the electronic version of this Offer Document should ensure that they download and read the entire Offer Document. The electronic version of this Offer Document on the ASX website and the CG1 Entitlement Offer website will not include a personalised Entitlement and Acceptance Form.

A replacement personalised Entitlement and Acceptance Form can be requested by calling the CG1 Offer Information Line on 1300 737 760 (within Australia) or + 61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period.

This Offer Document (including the accompanying personalised Entitlement and Acceptance Form) may not be distributed or released to, or relied upon by, persons in the United States or that are acting for the account or benefit of a person in the United States.

5.7 No Cooling Off

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been made.

5.8 Privacy Statement

If you complete an application for New Shares, you will be providing personal information to CG1 (directly or through the Share Registry). CG1 collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Share Registry at the relevant contact numbers set out in the Corporate Directory of this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the Entitlement and Acceptance Form is not provided, CG1 may not be able to accept or process your application.

5.9 Governing Law

This Offer Document, the Entitlement Offer and the contracts formed on acceptance of the applications pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

5.10 Foreign Jurisdictions

This Offer Document has been prepared to comply with the requirements of the securities laws of Australia.

The Entitlements and New Shares being offered under the Entitlement Offer are being offered to Shareholders with registered addresses in New Zealand in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. This Offer Document is not a product disclosure statement under the *Financial Markets Conduct Act 2013* (**FMCA**) or other similar offering or disclosure document under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the FMCA or any other relevant law in New Zealand. It does not contain all the information that a product disclosure document, under New Zealand law, is required to contain.

This Offer Document does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares or otherwise permit the public offering of the New Shares in any jurisdiction other than Australia and New Zealand.

This Offer Document, and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Document nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Shares offered in the Offer Document have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in

the United States.

The New Shares to be offered and sold in the Entitlement Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

Any non-compliance with these restrictions may contravene applicable securities laws.

5.11 Disclaimer of Representations

Except as required by law, and only to the extent so required, none of CG1, or any other person, warrants or guarantees the future performance of CG1 or any return on any investment made pursuant to this Offer Document.

No entity (other than CG1) referred to in the Corporate Directory in section 7 of this Offer Document, nor any of their respective related bodies corporate, nor any of their respective directors, officers, partners, employees, representatives or agents, have authorised or caused the issue of this Offer Document and they do not take any responsibility for this Offer Document or any action taken by you on the basis of such information contained in this Offer Document. None of those persons has made or purports to make any statement in this Offer Document and there is no statement in this Offer Document which is based on any statement by any of them. To the maximum extent permitted by law, each of those persons exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and the information contained in this Offer Document being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

6 Glossary

Activated Carbon means a form of carbon processed to have small, low-volume pores that increase the surface area available for adsorption or chemical reactions.

Additional New Shares has the meaning given in section 1.1 of the Offer Document.

Allotment Date means the date on which New Shares are issued under the Entitlement Offer.

Application Monies means the amount received from an Eligible Shareholder in respect of their application for New Shares under the Offer Document.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it on which Shares are quoted.

Closing Date means 5:00pm (Sydney time) on Wednesday, 3 January 2024, unless extended in accordance with the Listing Rules.

Company or **CG1** means Carbonxt Limited ACN 097 247 464.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of CG1.

Eligible Shareholders has the meaning given in section 1.2 of the Offer Document.

Entitlement means the number of New Shares for which an Eligible Shareholder is entitled to subscribe for under the Entitlement Offer, being 1 New Share for every 9 existing Shares held at the Record Date.

Entitlement and Acceptance Form means the personalised form accompanying this Offer Document to be used to make an application in accordance with the instructions set out on that form.

Entitlement Offer means the pro rata non-renounceable Entitlement Offer of up to 30,588,764 New Shares to Eligible Shareholders at the ratio of 1 New Share for every 9 existing Shares held at the Record Date at an Offer Price of \$0.06 per New Share.

EPA means the United States Environmental Protection Agency.

FMCA means the *Financial Markets Conduct Act 2013*.

Indemnified Party has the meaning given in section 5.1(c) of this Offer Document.

Ineligible Shareholders has the meaning given in section 1.6 of this Offer Document.

KCP means Kentucky Carbon Processing, LLC.

Kentucky Facility has the meaning given to that term in the Chairman's Letter.

Listing Rules means the official listing rules of the ASX.

New Shares means the fully paid ordinary shares in CG1 offered under the Entitlement Offer (and where applicable any Additional New Shares).

Offer Document means this document in relation to the Entitlement Offer, including the personalised Entitlement and Acceptance Form accompanying this document.

Offer Price means \$0.06 being the price payable per New Share under the Entitlement Offer.

Placement means the placement of approximately 10,000,000 million new fully paid ordinary securities in CG1 to institutional investors as announced to the ASX on 4 December 2023.

Record Date means 7:00pm (Sydney time) on Friday, 8 December 2023.

Share means a fully paid ordinary share in CG1.

Share Registry means Boardroom Pty Limited ABN 14 003 209 836.

Shareholder means a holder of a Share.

Underwriter has the meaning given in section 5.1 of the Offer Document.

Underwriting Agreement has the meaning given in section 5.1 of the Offer Document.

U.S. Securities Act means the United States Securities Act 1933 (as amended).

For personal use only

7 Corporate Directory**Carbonxt Limited (ACN 097 247 464)**

Level 8, 210 George Street
Sydney NSW 2000

www.cglimited.com.au

CG1 Offer Information Line

1300 737 760 (within Australia)

+ 61 2 9290 9600 (outside Australia)

Open between 8:30am and 5:00pm (Sydney time) Monday to Friday

Share Registry – Boardroom Pty Limited (ABN 14 003 209 836)

Level 8, 210 George Street
Sydney NSW 2000

www.investorserve.com.au

Australian legal adviser – Thomson Geer (ABN 21 442 367 363)

Level 14, 60 Martin Place
Sydney NSW 2000

<https://www.tglaw.com.au/>



Carbonxt Group Limited
ACN: 097 247 464

BoardRoom

All correspondence to
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Tel: 1300 737 760 (within Aust)
Tel: + 61 2 9290 9600(outside Aust)
Fax: + 61 2 9279 0664

www.boardroomlimited.com.au
corporateactions@boardroomlimited.com.au

NON-RENOUNCEABLE ENTITLEMENT OFFER ENTITLEMENT AND ACCEPTANCE FORM

Subregister:

HIN / SRN:

Entitlement No:

Number of Shares held
at 7.00pm (AEDT) on
Friday, 8 December 2023 (**Record Date**):

As an Eligible Shareholder, you are entitled to acquire the New Shares below for the amount payable. Your entitlement is **to New Share for every 9 Shares held at the Record Date at an Offer Price of \$0.06 per New Share**. The offer document dated 12 December 2023 (**Offer Document**) contains information about investing in the New Shares and you should read the Offer Document before applying for the New Shares. This Entitlement and Acceptance Form should be read in conjunction with the Offer Document. If you do not understand information provided in the Offer Document, or you are in doubt as to how you should deal with it, you should consult your licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser. Other than as defined in this Entitlement and Acceptance Form, capitalised terms have the same meaning as defined in the Offer Document.

OFFER CLOSES: 5.00pm (AEDT) Wednesday, 3 January 2024

A Entitlement Acceptance

(1) If you wish to accept **YOUR FULL ENTITLEMENT**, please note your Entitlement and requisite Application Amount specified below and return this Form together with your **PAYMENT** by cheque or money order **or alternatively make a payment by BPAY in which case you DO NOT NEED TO RETURN THIS FORM**.

Entitlement New Shares	Offer Price (per New Share)	Application Amount \$
	\$0.06	

(2) If you wish to accept only **PART OF YOUR ENTITLEMENT** please complete the boxes below with the **NUMBER OF NEW SHARES** you wish to accept under your Entitlement and the requisite Application Amount and return this Form together with your **PAYMENT** by cheque or money order **or alternatively make a payment by BPAY in which case you DO NOT NEED TO RETURN THIS FORM**.

Part Acceptance of Entitlement New Shares	Offer Price (per New Share)	Application Amount \$
	\$0.06	

B Application for additional New Shares under Top-Up Facility

If you have accepted **YOUR FULL ENTITLEMENT** and wish to apply for additional New Shares, please complete the boxes below with the **NUMBER OF ADDITIONAL NEW SHARES** for which you wish to apply and the requisite Application Amount payable.

Number of additional New Shares	Offer Price (per New Share)	Application Amount \$
	\$0.06	

C Calculate total Application Amount (if applying for additional New Shares)

If you are applying for additional New Shares, please calculate and complete the boxes below with the **TOTAL NUMBER OF NEW SHARES** and requisite Application Amount payable by adding the number of New Shares to which you are entitled under your Entitlement (**Section A (1)**) to the number of additional New Shares for which you are applying (**Section B**), and return this Form together with your **PAYMENT** by cheque or money order **or alternatively make a payment by BPAY in which case you DO NOT NEED TO RETURN THIS FORM**.

Total Number of New Shares (A (1) + B)	Offer Price (per New Share)	Application Amount \$ (A (1) + B)
	\$0.06	\$

Additional New Shares will only be allotted if available.

If the person completing this Form is acting for the Eligible Shareholder, the return of this Form, together with payment of the requisite Application Amount or payment by BPAY, will constitute acceptance of the Entitlement Offer by the Eligible Shareholder, and if that person is acting under Power of Attorney, he/she states that he/she has not received notice of revocation and that he/she has authority to accept the Entitlement Offer.

Payment Instructions

Payment may only be made by BPAY®, cheque or money order. Cash will not be accepted via mail or at Boardroom Pty Limited. Payments cannot be made at any bank.

REFER OVERLEAF FOR INSTRUCTIONS

Payment Option 1 – BPAY®

If you pay for your Entitlement by BPAY®, which is highly recommended, it is not necessary to return this Entitlement and Acceptance Form. Your payment must be received by the registry before 5.00pm (AEDT) on **Wednesday, 3 January 2024**.



Bill Code:

CRN:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque, credit or savings account.

More info: www.bpay.com.au © Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY® please contact your participating financial institution
- **If paying by BPAY®, you do not need to complete and return this Entitlement and Acceptance Form**

Payment Option 2 – Cheque or bank draft

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to "Carbonxt Group Limited" and crossed Not Negotiable.
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

Please enter your contact details in case we need to contact you in relation to your application

CONTACT NAME	EMAIL ADDRESS	TELEPHONE

This document is of value and requires your immediate attention. If in doubt, please consult your stockbroker, solicitor, accountant or other professional advisor without delay.

The offer to which this Entitlement and Acceptance Form relates does not constitute an offer to any person who is not an Eligible Shareholder, and in particular is not being made to Shareholders with registered addresses outside Australia or New Zealand. This Entitlement and Acceptance Form does not constitute an offer in the United States of America (or to, or for the account or benefit of, US Persons) or in any jurisdiction in which, or to any persons to whom, it would not be lawful to make such an offer.

ACCEPTANCE OF THE OFFER

By either returning this Entitlement and Acceptance Form together with your payment of the requisite Application Amount to Boardroom, or making payment by BPAY®, by 5.00pm (AEDT) on **Wednesday, 3 January 2024**:

- you represent and warrant that you have read and understood and agree to the terms set out in this Form and acknowledge you have read the entire Offer Document issued in connection with the Entitlement Offer;
- you represent and warrant that you are not located in the United States or a U.S. Person as defined under Regulation S of the U.S. Securities Act of 1933 (**U.S. Person**) and are not acting for the account or benefit of a U.S. Person or any other foreign person;
- you provide authorisation to be registered as the holder of New Securities acquired by you and agree to be bound by the constitution of Carbonxt Group Limited; and
- your application to acquire New Securities is irrevocable and may not be varied or withdrawn except as allowed by law.

HOW TO ACCEPT NEW SECURITIES OFFERED

1. **BPAY® payment method:** The requisite Application Amount payable by you in order to accept your Entitlement in full is shown in **Section A** on the first page of this Form. If you accept your full Entitlement and wish to apply for additional New Securities, please complete **Sections B and C** (to determine your total Application Amount payable). Contact your Australian bank, credit union or building society to make this payment from your cheque, savings or credit account. For more information visit: www.bpay.com.au. Refer to the front of this form for the Bill Code and Customer Reference Number. Payments must be received by BPAY® before 5.00 pm (AEDT) on **Wednesday, 3 January 2024**. If the BPAY® payment is for any reason not received in full, the Company may treat you as applying for as many New Securities as will be paid for by the cleared funds. Shareholders using the BPAY® facility will be bound by the provisions relating to this Offer. **You are not required to submit this Form if you elect to make payment using BPAY®.**
2. **Cheque payment method:** The requisite Application Amount payable by you in order to accept your Entitlement in full is shown in **Section A** on the first page of this Form. If you apply for your full Entitlement and wish to apply for additional New Securities, please complete **Sections B and C** (to determine your total Application Amount payable). Send your cheque/bank draft and the completed Form to Boardroom Pty Limited at the address shown below so as to reach the Share Registry before the close of the Offer at 5.00 pm (AEDT) on **Wednesday, 3 January 2024**. A reply-paid envelope is enclosed for your convenience.
3. **Payment – overseas residents:** Eligible Shareholders who are overseas must obtain a bank draft in Australian currency payable on a bank in Australia, or where the Eligible Shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia. Overseas eligible shareholders are advised to ensure their form and payment are posted to Australia by airmail. Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the acceptance deemed to be invalid.

Mailing Address:
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Hand Delivery Address:
Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a Shareholder (including your name, address and details of the Shares you hold) to be included in the public register of the entity in which you hold Shares. Information is collected to administer your Shareholding and if some or all of the information is not collected then it might not be possible to administer your Shareholding. Your personal information may be disclosed to the entity in which you hold Shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this Entitlement and Acceptance Form.

Our privacy policy is available on our website (<https://www.boardroomlimited.com.au/corp/privacy-policy>).