



ASX RELEASE

30 April 2019

March 2019 Quarterly Update

Carbonxt Group Ltd (ASX:CG1) has released its Appendix 4C Report for the March 2019 quarter and provides the following update for the period. All numbers are in A\$ and unaudited.

Revenue and Operating Cash Flow

- Revenue of \$5.1m was recorded in 3Q19, which equates to a 191% improvement on the same quarter last year (3Q18: \$1.7m).
- For the nine months to March 2019 revenue was \$13.1m, more than 200% above the comparable period in 2018.
- The Company has seen a substantial improvement in operating performance during this quarter, with the loss from operations reduced to \$0.5m, compared to a loss of \$2.4m in the same quarter last year.
- The loss in this period includes \$0.45m of inventory purchases not used in production during the quarter.
- The operational performance has improved at both the Arden Hills (pellets) and Black Birch (powdered) facilities, with the most material progress seen in the Arden Hills facility, as most of the initial start-up issues have been resolved.

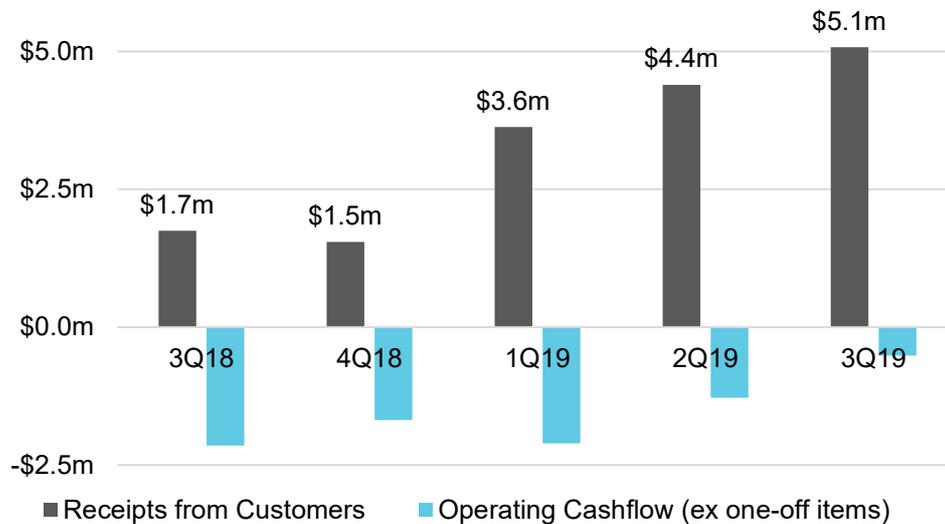
However, we have had a fire related manufacturing outage at the Black Birch facility with production expected back online within 3 (three) weeks. Supply to customers will be maintained from inventory and alternate sources with the maximum cost impact a matter for discussion with the plant lessor but forecast to be less than \$0.1m.

- The Company remains on track to deliver Activated Carbon Pellets as previously announced, in addition to the US based ReACT¹ customer.
- The Board maintains its forecast to be cash flow positive by June 2019.

¹ ReACT™ (Regenerative Activated Coke Technology), reduces sulphur dioxide, nitrous oxides, mercury, and other emissions from coal fired power generators' exhaust.



Operating Cashflows (A\$m)



Corporate Activities

- The Company has arranged a new finance facility with PURE Asset Management Pty Ltd (“PURE”) and Skye Alba Pty Ltd to provide additional funding for the Company and to refinance the existing Convertible Note facility.
- The key terms of the new facility are:
 - ◆ Retirement of the existing \$2.5m convertible note facility and associated options at 50 cents per share. The interest rate on this facility was 8.0% per annum.
 - ◆ A new note facility of \$5.5m representing net \$3.0m of additional funds. The associated warrants are at 60 cents per share.
 - ◆ The interest rate on the new facility is 9.5% per annum with a term of four (4) years. The facility is secured.
- Please note, the facility is subject to documentation. The facility is expected to be completed in approximately two weeks.

Summary and Financial Outlook

The March quarter saw the Company continue to focus on operational improvements to lower its cost of production and achieve the targeted move into profitability.

Demand for the higher value pellets is strong and we expect our second significant sales contract during the current quarter.

The Company is on track to be cash flow positive by June 2019.

Carbonxt Managing Director, Warren Murphy, commented:

“We are very pleased to see operating cashflow improve significantly in the quarter. Operating costs have decreased as we planned and we believe further improvements can be made in the near future.



The new facility arranged by PURE provides the Company with operational flexibility and we appreciate the interest and support they have given us. We believe the arrangements with PURE will be very beneficial to both parties. We would also like to thank Skye Alba investors for their continuing support of our business.”

About:

PURE Asset Management

PURE is a leading provider of hybrid growth capital to Australia’s most compelling ASX-listed small capitalisation companies. Founded in 2018, PURE funds working capital, acquisitions and buybacks via structures that are less dilutive than equity capital, offering companies an alternative to direct equity markets.