Carbon Revolution Limited
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Waurn Ponds, 3216
Australia

ABN: 96 128 274 653

Automotive IATF 16949 SAI GLOBAL
Quality ISO 9001 SAI GLOBAL
Environment ISO 14001 SAI GLOBAL

Dale Wang
Adviser, Listings Compliance
Australian Securities Exchange
dale.wang@asx.com.au

10 November 2022
Matter 82740921
By email

Dear Dale,

Response to ASX query

Carbon Revolution Limited ("Company" or "Carbon Revolution") refers to the queries in your letter dated 31 October 2022 and provides the following responses.

Defined terms in this letter have the meaning given to them in the announcement made by the Company to the ASX on 31 October 2022 titled "Q1 FY23 QUARTERLY ACTIVITIES REPORT & APPENDIX 4C (UNAUDITED)" ("Appendix 4C").

1 Please provide details of the identity of the North American listed special purpose acquisition company ("SPAC") the subject of the Proposed Transaction.

While the Company chose to disclose details of the Proposed Transaction to give the market a complete picture of its funding position and actions being taken, due to confidentiality obligations owed to the SPAC and US securities law considerations, Carbon Revolution is not in a position to name the SPAC. Carbon Revolution has pressed the SPAC for its approval to be named in the context of this correspondence and has been unable to obtain the SPAC's consent.

Before filing the Appendix 4C, Carbon Revolution determined that the identity of the SPAC was not information that is material to the price or value of Carbon Revolution shares. In particular, a special purpose acquisition company is an entity which has no operations and exists solely for the purposes of undertaking a business combination with a non-US listed or private business to enable it to go public in the US. The only material information for the shareholders of the Company relates to the cash held by the SPAC and its capital structure, which has been disclosed. Unlike a counterparty to a commercial contract, the SPAC has no other business or operations, so the disclosure of its name is not additive to the information already provided to investors. In addition, it is not intended that any of the SPAC's management or directors will remain with the combined company post-closing of the Proposed Transaction.

Furthermore, Carbon Revolution considers that naming the SPAC may have a significant detrimental impact on the Proposed Transaction. This is because naming the SPAC may result in the SPAC withdrawing from the Proposed Transaction, due to concerns regarding such disclosure triggering disclosure obligations for the SPAC under US securities laws, which the SPAC believes would be inconsistent with typical market practice in the US.

2 Please provide details of any material conditions that need to be satisfied before the Proposed Agreement becomes legally binding or proceeds to completion.

Completion of the Proposed Transaction is contingent on the parties entering into definitive transaction documents for the Proposed Transaction ("Definitive Agreement") and the satisfaction of certain conditions that will be set forth in the Definitive Agreement.

The conditions may be waived, either by agreement between the parties or unilaterally by one of the parties.

Given the LOI is not binding, the exact conditions and their form remain subject to negotiation between the parties.

2.1 Prior to execution of the Definitive Agreement

The following items require resolution prior to entry into the Definitive Agreement:

(a) CEF

Prior to the execution and delivery of the Definitive Agreement, it is intended the SPAC will obtain binding written commitments with one or more institutional investors to provide a committed equity facility or "CEF" as described in the Appendix 4C ("Subscription Agreements").

(b) Due diligence

Signing of the Definitive Agreement is contingent upon satisfactory completion of confirmatory due diligence by the SPAC (noting that the SPAC and/or its associates have already undertaken significant due diligence as referred to in section 6.1 below).

The SPAC's confirmatory due diligence review will include the following items:

- Standard financial, operational and legal diligence;
- Onsite work at the Company's manufacturing facility (noting that representatives from the SPAC have already arrived in Australia to undertake this work);
- An assessment of IPO / US public reporting company readiness of the Company;
- In-person meetings (or via teleconference where necessary) with representatives of key customers and partners to discuss their perspectives on the Company relationship and business plan; and
- Review of the assumptions used in a financial model and projections provided by the Company to the SPAC, and their appropriateness for use as public market guidance.

(c) Definitive agreement and other transaction documents

The Definitive Agreement (which may take the form of more than one agreement) relating to the Proposed Transaction, along with various ancillary agreements will need to be negotiated between the parties and an agreed position reached.

2.2 Conditions to be included in Definitive Agreement

It is anticipated that the Definitive Agreement will contain the following material conditions precedent which will require satisfaction or waiver before the Proposed Transaction completes. There will be other conditions that are not as material in nature.

As discussed above, the Definitive Agreement has not yet been prepared and so the below is subject to the terms of the final binding Definitive Agreement. Furthermore, the Definitive Agreement may require other customary legal, regulatory or similar conditions.

(a) Conditions for the benefit of both parties:

- Receipt of any necessary regulatory or governmental approvals (including, if applicable, the expiration or termination of any waiting periods under the US Hart–Scott–Rodino Antitrust Improvements Act of 1976).
- Receipt of SPAC shareholder approval and approval of the Company's shareholders.
- Any mutually agreed material contract consents that may be required in connection with the consummation of the Proposed Transaction will have been obtained.
- A registration statement required to be filed with the US Securities and Exchange Commission ("SEC") in connection with the issue of shares in the Proposed Transaction will have become effective under the US Securities Act and no stop order suspending the effectiveness of the registration statement will have been issued and no proceedings for those purposes will have been initiated or threatened by the SEC and not withdrawn.
- Subject to structuring considerations, the SPAC's continuing listing application with Nasdaq or the New York Stock Exchange in connection with the Proposed

Transaction shall have been conditionally approved and, immediately following the closing of the Proposed Transaction, the SPAC shall satisfy any applicable continuing listing requirements of Nasdaq or the New York Stock Exchange and shall not have received any notice of non-compliance therewith, and SPAC shares, including the consideration payable to the Company's shareholders, shall have been approved for listing on Nasdaq or the New York Stock Exchange.

- The SPAC's business combination deadline being extended by way of shareholder vote to an agreed later date required to consummate the Proposed Transaction.

(b) Conditions for the benefit of the Company

- The representations and warranties of the SPAC being true at signing and closing of the Proposed Transaction subject to materiality qualifiers (in each case to be agreed).
- Prior to any vote of the Company shareholders, the investors party to the Subscription Agreements shall enter into definitive agreements for the CEF in an aggregate amount at least $50 million, which will be in addition to any proceeds received from the SPAC's trust account.
- An independent expert's report is issued which concludes that the Proposed Transaction is in the best interest of Company shareholders and the independent expert does not change its conclusion or withdraw its report.

(c) Conditions for the benefit of the SPAC

- The representations and warranties of the Company being true at signing and completion of the Proposed Transaction subject to materiality qualifiers (in each case to be agreed).

2.3 Other conditions

As noted in the Appendix 4C, given the Company's current cash and liquidity position and given the transaction is not expected to complete until Q2 CY23 at the earliest, the Company will require short term bridge funding to meet cash flow requirements until the Proposed Transaction closes. The amount of funding and timing for obtaining the bridge financing is currently being assessed and will be a function of expected near-term transaction costs, ongoing business requirements and the success of ongoing discussions (as noted previously in the Appendix 4C) with key government and customer stakeholders to improve the Company's near-term cashflow.

3 **Please provide details of the due diligence to verify the capacity of the SPAC to complete the Proposed Transaction.**

The Company and its advisers conducted commercial and legal due diligence on the SPAC to verify the capacity of the SPAC to complete the Proposed Transaction.

The commercial due diligence confirmed that:

- The SPAC has c. US$200 million cash in trust.
- The Company fits within the SPAC's stated acquisition criteria.
- The SPAC's sponsors, directors, management, advisors and affiliates have a strong track record of successfully identifying, acquiring and growing companies to deliver shareholder value.

The legal due diligence conducted by the Company's US lawyers (Goodwin Procter) involved reviewing certain of the SPAC's public filings with the US Securities and Exchange Commission, including the final SPAC IPO prospectus filed under Rule 424B of the Securities Act of 1933 and the 2021 Annual Report on Form 10-K filed pursuant to the requirements of the Securities Exchange Act of 1934. This review confirmed:

- the SPAC's existence;
- the amount held in its trust account;
- the identity of the SPAC's officers and directors;
- the SPAC's deadline for the completion of a business combination; and
- the SPAC's capital structure and sponsors.

Based on this due diligence, the Board of the Company was satisfied with the ability of the SPAC to complete the Proposed Transaction

4 Please provide information about the likely effect of the Proposed Transaction on CBR's total assets and capital structure.

The Proposed Transaction is a scrip based merger between the Company and the SPAC, which will effectively combine the assets and liabilities of the Company and the SPAC in one corporate group ("MergeCo"). The SPAC currently has assets of c. US$200m (comprised largely of cash held in its trust account as mentioned above) and total liabilities of c. US$10m (comprised largely of a deferred underwriting fee).

The precise structure of the Proposed Transaction is not yet finalised, and the Company is currently receiving advice with respect to likely impacts on the Company's balance sheet and capital structure should the transaction proceed, and will provide more information should the Definitive Agreement be executed. However, noted below are initial observations from the Company in relation to potential impacts to the capital structure of MergeCo as at the time of the transaction closing. It is noted that MergeCo may ultimately be a newly established entity incorporated for the purposes of acquiring both the Company and the SPAC, for the purposes of the Proposed Transaction and that MergeCo will be owned by the Company's shareholders and the SPAC following completion of the Proposed Transaction:

(a) Cash at bank:

(1) As is commonplace for SPACs, the SPAC shareholders have an ability to redeem their shareholding in the SPAC for US$10/share. There are currently c. 20m shares on issue in SPAC and the amount of cash available to MergeCo will depend on the ultimate 'redemption rate'. As noted in the Company's 4C announcement lodged on 31 October 2022, if the redemption rate is 75%, then there would be c. US$50m available to the MergeCo from the SPAC trust account. Should the redemption rate be higher than the assumed 75%, then the amount of cash available will fall commensurately

(2) SPAC transaction costs associated with the Proposed Transaction will be payable at closing and will reduce the amount of cash available to MergeCo. These costs are to be capped at c. US$20m. Additionally, Carbon Revolution will incur significant costs to undertake the Proposed Transaction

(3) The Company's cash balance as at the time of transaction closing, which will depend any indebtedness that will need to be repaid at closing (if any). Currently, the Company has cash in bank of c. A$11.1m and this will likely change over the period to closing. Further, and as flagged in the Appendix 4C, short term bridge financing will be required to meet the Company's cash flow requirements until the Proposed Transaction closes. Depending on the quantum and terms of this bridge financing (i.e. whether it is debt-like in nature and needs to be repaid), this will also potentially reduce the amount of cash available to MergeCo at close

(b) Other Assets: the Proposed Transaction will not otherwise impact the Company's assets.

(c) Shares on issue:

(1) The Company is being valued at a pre-money enterprise value of US$200m. At the time of the completion of the Proposed Transaction, the Company's shareholders will collectively be issued an aggregate number of shares in MergeCo equal to the Company's equity value divided by US$10. The Company's equity value will be calculated as US$200m (being the ascribed enterprise value), less the indebtedness of the Company at the time of completion of the Proposed Transaction plus cash of the Company at completion (and subject to certain adjustments relating to costs of the Proposed Transaction). The cash and debt at completion is unknown today and will also be a function of the form and quantum of any bridge financing entered into to support the Company's near-term cashflow requirements. Assuming current net debt (as at 30 September 2022) of A$4.4m (or US$2.8m at an AUD:USD exchange rate of 0.64), this implies that the Company's shareholders will collectively be issued c. 19.7m Class A ordinary shares in MergeCo.

(2) There are currently c. 20m Class A ordinary shares on issue in the SPAC. The number of shares that will ultimately be on issue in MergeCo will depend on the level of redemptions by holders of existing Class A ordinary shares in the SPAC. Should there be a 75% redemption rate, then there will be c. 5m Class A ordinary shares on issue held by the existing SPAC shareholders. Should the redemption rate be higher, then the number of shares held by SPAC investors will fall commensurately.

(3) c. 5m Class B ordinary shares in SPAC are currently held by the SPAC Founders. Upon transaction close, the Class B ordinary shares will automatically convert into Class A ordinary shares on a 1:1 basis. There are no redemption rights in relation to the Class B ordinary shares and, accordingly, this share quantum is unlikely to change.

(d) Warrants on issue

(1) There are currently c. 7m public warrants on issue which are exercisable for Class A ordinary shares in MergeCo at a strike price of US$11.50/share. The public warrants are exercisable from 30 days post completion of the Proposed Transaction and will expire 5 years post-closing of the Proposed Transaction. The quantum of public warrants on issue will not change irrespective of the redemption rate by SPAC shareholders

(2) There are currently c. 5m private warrants held by the SPAC Founders. These have the same conversion features and terms of the public warrants as noted above, and will remain on foot irrespective of the redemption rate by SPAC investors.

After completion of the Proposed Transaction, MergeCo's capital structure and shares on issue will likely change due to a number of factors, as noted below:

(1) As part of the transaction, SPAC will obtain written commitments for a CEF of US$50m. This will give MergeCo the right to raise on a weekly basis up to the greater of i) US$5m; or ii) the aggregate trading volume of MergeCo shares in that given week, up to a total quantum of US$50m. The shares are expected to be issued at a 3% discount to a VWAP of MergeCo's shares in the applicable period. As such, while there can be some certainty in the level of cash available via the CEF, there is no certainty on the number of shares that will be issued under the CEF (and therefore the dilutionary impact) as this will be a function of MergeCo's prevailing share trading prices at the time the CEF is utilised and the extent to which MergeCo utilises the CEF (given issuance of any shares under the CEF will be at MergeCo's election).

(2) As part of the transaction, the SPAC will seek to enter into binding FPAs for up to 2m shares in MergeCo. This has not yet been agreed and there is no certainty that such arrangements will be entered into. However, should this occur, MergeCo's share capital will increase by up to 2m shares and MergeCo's cash will increase. The amount of cash inflow will be a function of MergeCo's trading prices and the terms of any FPA.

(3) As noted above, MergeCo will have a number of public and private warrants on issue which have an exercise price of US$11.50/share (prior to any anti-dilutionary adjustments). Depending on MergeCo's future share price performance, these warrants may be exercised which will impact MergeCo's shares on issue and potentially cash and liquidity position.

(4) Following the close of the Proposed Transaction, MergeCo may seek to issue debt which, if issued, will increase MergeCo's cash but commensurately increase its liabilities. No discussions with financiers or the parties have occurred with respect to the terms of any debt and as such the quantum and terms of debt are not known.

5 Please advise the date and time that the Letter of Intent was executed.

The LOI was finalised on the morning of Saturday, 29 October 2022 and was approved by an appointed sub-committee of the Board of Carbon Revolution Limited ("Company") on the same morning. The LOI was executed on Saturday morning, 29 October 2022.

6 Noting CBR's disclosure that for the purpose of the Proposed Transaction, the Company is being valued at a pre-money enterprise value of USD200m (approx. AUD313m), which ascribes a notional current share price of AUD1.491 for the Company's issued shares, please explain:

6.1 The basis for the pre-money enterprise value of USD200m

The basis for the pre-money enterprise value of USD$200m is that the LOI received from the SPAC ascribes that valuation to the Company, and forms the basis of the merger ratio and post-transaction holdings in MergeCo by the Company and the SPAC's shareholders.

Furthermore, the SPAC and its associates have undertaken a significant amount of diligence on the Company to date and the Company understands that the SPAC has formed its view on valuation with regard to benchmarking of the Company against relevant US-based high-growth manufacturing businesses, with an appropriate revenue multiple applied to the Company's near-term revenue estimates. [1]

The Company notes that as part of the Proposed Transaction, the SPAC intends to obtain a Fairness Opinion supporting its view that US$200m is an appropriate pre-money enterprise value to be ascribed to the Company.

It is further noted that the Company considers that its current share price and market capitalisation is reflective of the current cash flow difficulties faced by the Company and does not reflect the inherent value of the Company.

6.2 The basis for the notional current share price of AUD1.491 for the Company's issued shares.

Detailed below is the underlying calculation to the notional share price of A$1.49 being ascribed to the Company's shares based on the enterprise value of US$200m discussed above.

Item	Unit	Figure	Source / Assumption
Pre-money enterprise value	US$m	200	Executed LOI from SPAC
Exchange rate	USD/AUD	0.64	As at 28 Oct 2022
Pre-money enterprise value	A$m	313	Converted to A$
30 Sep 2022 cash at bank	A$m	10.7	Lodged 4C
30 Sep 2022 drawn facilities	A$m	15.0	Lodged 4C
Pre-money equity value	A$m	308	Enterprise Value + cash – debt
Company shares on issue	m	207	FY22 annual report
Notional implied share price	A$/sh	1.49	Equity value / shares on issue

The number of shares collectively issued to the Company's shareholders will be equal to the pre-money equity value at the time of closing divided by US$10/share. Using the assumptions above, this would imply Company shareholders are collectively provided c. 19.7m shares in MergeCo (however, this will change depending on actual cash and debt in the Company at time of transaction closing).

Further, the actual value received by the Company's shareholders will be a function of the actual trading performance of MergeCo shares after completion of the Proposed Transaction. Should the shares trade at US$10/sh, then Company Shareholders are expected to receive a value of c. A$1.49/sh (per the assumptions noted in 6.2). Should MergeCo's share price fall however, then the value to the Company's shareholders will fall commensurately.

The Company cannot estimate how MergeCo's share price will trade post completion of the Proposed Transaction (whether it be below or in fact above US$10/sh), but does note the following:

[1] The Company's revenue estimates are confidential, and by their nature are estimates only which are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of the Company and its directors and management. There is no guarantee that any estimates or other forward looking matters will be achieved.

- The level of redemptions in the SPAC is uncertain, and therefore the amount of new capital Mergeco will require from third party sources is an estimate, and the terms of any additional third party capital is unknown today;
- The CEF and potential FPA injections of capital are to be made with reference to market prices post-transaction, so dilutionary impacts are not currently known; and
- Future macro and market conditions may impact overall investor sentiment (either positively or negatively).

6.3 The assumptions used to prepare and generate the pre-money enterprise value and the notional current share price;

Per above.

6.4 The facts and circumstances that support the pre-money enterprise value and the notional current share price; and

As noted in 6.1, the SPAC has ascribed a pre-money enterprise value to the Company of US$200m, based on a number of valuation methodologies, and this valuation has been agreed in the LOI. Should the Proposed Transaction proceed, Company shareholders will collectively receive c. 19.7m shares in MergeCo (adjusted for any net indebtedness of the Company at time of transaction close), which will have a notional value of US$10/share (being effectively the cash-backed value of the SPAC today).

Further, the actual value received by the Company's shareholders will be a function of the actual trading performance of MergeCo shares after completion of the Proposed Transaction. Should the shares trade at US$10/sh, then Company Shareholders are expected to receive a value of c. A$1.49/sh (per the assumptions noted in 6.2). Should MergeCo's share price fall however, then the value to the Company's shareholders will fall commensurately.

The Company cannot estimate how MergeCo's share price will trade post completion of the Proposed Transaction (whether it be below or in fact above US$10/sh), but does note the following:

- The level of redemptions in the SPAC is uncertain, and therefore the amount of new capital Mergeco will require from third party sources is an estimate, and the terms of any additional third party capital is unknown today;
- The CEF and potential FPA injections of capital are to be made with reference to market prices post-transaction, so dilutionary impacts are not currently known; and
- Future macro and market conditions may impact overall investor sentiment (either positively or negatively).

6.5 The facts and circumstances that support the Company's reasonable basis for including the projected pre-money enterprise value and the notional current share price, in light of the statement in the Appendix 4C that that the amount of cash available for the benefit of MergeCo from the trust account will only be known after closing of the Proposed Transaction and is likely to be substantially less than USD200 million.

As noted above, the Company's shareholders will receive c. 19.7m shares in MergeCo (adjusted for any net indebtedness in the Company at transaction close), which equates to c. US$200m enterprise value (as SPAC shares are valued at US$10/share given cash-backing).

The number of shares held by SPAC investors will be a function of the redemption rates. There are currently c. 20m Class A ordinary shares on issue in the SPAC, backed by c. US$10 cash per share (or c. US$200m cash). Depending on the redemption rate, the number of shares on issue and cash available to MergeCo will fall. However, in all cases, any non-redeemed shares are still being valued by SPAC investors at US$10/share (because they represent US$10 per share in cash that could otherwise be obtained by the SPAC investor by redemption) and accordingly, it remains appropriate to ascribe the US$200m enterprise value to the Company.

7 Does CBR consider the information or any part thereof set out in clause C - i) to vi) above, to be information that a reasonable person would expect to have a material effect on the price or value of its securities? In responding

to this question please respond separately for each of clause C i) to vi) respectively.

- C i) CBR does consider the information in paragraph C i) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.
- C ii) CBR does not consider the information in paragraph C ii) information that a reasonable person would expect to have a material effect on the price or value of its securities.
- C iii) CBR does consider the information in paragraph C iii) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.
- C iv) CBR does consider the information in paragraph C iv) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.
- C v) CBR does consider the information in paragraph C v) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.
- C vi) CBR does consider the information in paragraph C vi) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

8 If the answer to question 7 or any part thereof is "no", please advise the basis for that view. In responding to this question please respond separately for each of clause C i) to vi) respectively.

C ii) CBR does not consider the information in paragraph C ii) information that a reasonable person would expect to have a material effect on the price or value of its securities, as the information in this paragraph was a lead-in sentence to the benefits section of the Appendix 4C.

9 Please explain how CBR considers the heading of the Appendix 4C – being Q1 FY23 Quarterly Activities Report & Appendix 4C (Unaudited) conveys a fair and balanced impression of what the announcement is about so as not to mislead readers as to its contents or the significance of the embedded "Announcement of a Proposed Merger with a US-based SPAC".

Carbon Revolution was required to lodge its Appendix 4C by 31 October 2022. The Appendix 4C demonstrated the Company was facing a number of near-term liquidity and balance sheet pressures. Furthermore, the Company had stated in its FY22 Results Presentation that it had been actively pursuing a range of strategic opportunities to unlock value and capital.

In that context, the LOI was included as disclosure in the Appendix 4C to present a full picture of the Company's liquidity and balance sheet pressures and the steps that were being taken to address them. As such, reference to the LOI was not considered appropriate to include in the heading.

10 Please confirm that CBR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CBR with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

Yours sincerely

David Nock
General Counsel & Company Secretary
Carbon Revolution

31 October 2022

Reference: 62799

Mr David Nock
General Counsel & Company Secretary
Carbon Revolution Limited
Building NR, Geelong Technology Precinct
75 Pigdons Road
WAURN PONDS VIC 3216

By email: david.nock@carbonrev.com

Dear Mr Nock

Carbon Revolution Limited ('CBR'): Query

ASX refers to the following:

A. CBR's share price of 21.5 cents at the close of market trading on ASX on Friday 28 October 2022.

B. CBR's Appendix 4C quarterly report for the period ended 30 September 2022 lodged with the ASX Market Announcements Platform and released on 31 October 2022 (the 'Appendix 4C'). The Appendix 4C included amongst other things the following reference in the Q1 FY23 Highlights:

   Significant progress with a strategic partner to enable the business' long-term growth potential and funding needs

C. CBR's disclosure in the Appendix 4C disclosing under the heading "Announcement of a Proposed Merger with a US-based SPAC" including amongst other things:

   i. The Company has signed a Non-Binding Letter of Intent with a North American listed special purpose acquisition company ("SPAC") relating to a proposed merger with the Company to create "MergeCo" ("Proposed Transaction").

   ii. The Proposed Transaction is a very exciting development for the Company and its shareholders and provides a number of significant benefits.

   iii. For the purpose of the Proposed Transaction, the Company is being valued at a pre-money enterprise value of USD200m (approx. AUD313m), which ascribes a notional current share price of AUD1.491 for the Company's issued shares.

   iv. Potentially unlocks critical investment capital to support commercialisation and accelerate the path to profitability, with a number of potential funding sources being sought for MergeCo post-closing.

   v. These include a minimum of USD50m funds being sought in connection with the merger through a committed equity fund ("CEF") which is expected to provide capital for the Mega-line and to bring new programs online.

   vi. As is customary for SPACs, the ordinary shares contain a redemption feature which allows for redemption in the event of a shareholder vote or tender offer in connection with a Business Combination. The redemption requests will be met through the cash held in the SPAC trust account and based on current market experience may be particularly high. This means that the amount of cash available for the benefit of MergeCo from the trust account will only be known after closing of the Proposed Transaction and is likely to be substantially less than USD200 million.

D. CBR's share price increase of 76.7% to 38 cents on 31 October 2022 at the time CBR shares were paused in trade on ASX.

E. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

F. Section 4.14 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B ('Guidance Note 8') which sets out the guidelines on the headers to announcements under Listing Rule 3.1.

G. Section 4.15 of Guidance Note which sets out guidelines on the contents of announcements under Listing Rule 3.1 which states amongst other things:

In disclosing the significance of the contract to the entity, regard should be had to the guidance below about forward-looking statements. For example, a statement about the projected revenue to be derived from a customer contract or any other projection that is a proxy for revenue will be a forward-looking statement and therefore must be based on reasonable grounds or else it will be deemed to be misleading.

The disclosure of the name of the counterparty/customer with whom an entity has entered into a market sensitive contact is often particularly significant. It allows the market to assess the standing and creditworthiness of the counterparty/customer. In the case of a customer contract, it also allows the market to assess the quality of the customers the entity is dealing with and the quality of the revenue it is earning from them.

And:

An announcement under Listing Rule 3.1 must be accurate, complete and not misleading. A listed entity cannot satisfy its obligation to disclose market sensitive information under Listing Rule 3.1 by disclosing information that is materially inaccurate, incomplete or misleading. If it attempts to do so, that will likely trigger a separate obligation under Listing Rule 3.1 to correct the inaccurate, incomplete or misleading information, causing the entity to be in breach of that rule and section 674 of the Corporations Act until it does so. It will also likely cause a false market in its securities, empowering ASX to require the entity to give ASX any information ASX asks for to correct the false market.

To not be misleading, opinions expressed in an announcement should be honestly held and balanced and should be clearly identified as a statement of opinion rather than a statement of fact. Any forward-looking statements in an announcement must also be based on reasonable grounds or else by law they will be deemed to be misleading.

Any material assumptions or qualifications that underpin a forward-looking statement in an announcement under Listing Rule 3.1 should also be stated in the announcement.

Footnote 117 – "Complete" in this context means not omitting material information.

H. Section 4.20 of Guidance Note 8, which sets out ASX's views in relation to commercially sensitive information.

I. Section 4.22 of Guidance Note 8, which states that:

An entity must comply with its disclosure obligations under Listing Rule 3.1 and section 674, even where it is party to a confidentiality or non-disclosure agreement that might otherwise require it to keep information confidential.

Request for information

Having regard to the above, ASX asks CBR to respond separately each of the following questions and requests for information in a format suitable for release to the market under Listing Rule 18.7A:

1. Please provide details of the identity of the North American listed special purpose acquisition company ("SPAC") the subject of the Proposed Transaction.
2. Please provide details of any material conditions that need to be satisfied before the Proposed Agreement becomes legally binding or proceeds to completion.
3. Please provide details of the due diligence to verify the capacity of the SPAC to complete the Proposed Transaction.
4. Please provide information about the likely effect of the Proposed Transaction on CBR's total assets and capital structure.
5. Please advise the date and time that the Letter of Intent was executed.
6. Noting CBR's disclosure that for the purpose of the Proposed Transaction, the Company is being valued at a pre-money enterprise value of USD200m (approx. AUD313m), which ascribes a notional current share price of AUD1.491 for the Company's issued shares, please explain:

   6.1 The basis for the pre-money enterprise value of USD200m; and

   6.2 The basis for the notional current share price of AUD1.491 for the Company's issued shares.

   In providing the above explanation please include details of:

   6.3 The assumptions used to prepare and generate the pre-money enterprise value and the notional current share price;

   6.4 The facts and circumstances that support the pre-money enterprise value and the notional current share price; and

   6.5 The facts and circumstances that support the Company's reasonable basis for including the projected pre-money enterprise value and the notional current share price, in light of the statement in the Appendix 4C that that the amount of cash available for the benefit of MergeCo from the trust account will only be known after closing of the Proposed Transaction and is likely to be substantially less than USD200 million.
7. Does CBR consider the information or any part thereof set out in clause C - i) to vi) above, to be information that a reasonable person would expect to have a material effect on the price or value of its securities? In responding to this question please respond separately for each of clause C i) to vi) respectively.
8. If the answer to question 7 or any part thereof is "no", please advise the basis for that view. In responding to this question please respond separately for each of clause C i) to vi) respectively.
9. Please explain how CBR considers the heading of the Appendix 4C – being *Q1 FY23 Quarterly Activities Report & Appendix 4C (Unaudited)* conveys a fair and balanced impression of what the announcement is about so as not to mislead readers as to its contents or the significance of the embedded "Announcement of a Proposed Merger with a US-based SPAC".
10. Please confirm that CBR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CBR with delegated authority from the board to respond to ASX on disclosure matters.

Once ASX has received and analysed the information above, it may deem it necessary to make further enquiries of CBR.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9 AM AEDT Wednesday, 2 November 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CBR's obligation is to disclose the information 'immediately'.

CBR's response to this letter will be considered by ASX to ascertain that it has adequately addressed ASX's queries and is in a form appropriate for release to the market in order to lift the trading halt dated 31 October 2022. Responding to this query letter should not be taken as an indication that the trading halt on CBR's securities will be lifted. If the trading halt is not lifted prior to the commencement of trading on 2 November 2022, CBR's securities will be suspended from quotation.

Your response should be sent to me by e-mail at **ListingsComplianceMelbourne@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in CBR's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CBR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that CBR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

Dale Wang
Adviser, Listings Compliance (Melbourne)