



## ASX RELEASE

5 August 2022

### Accelerated Non-Renounceable Entitlement offer – Despatch of Retail Offer Document

Carbonxt Group Limited (ASX:CG1) (**Carbonxt** or **Company**) would like to advise that the Company has today despatched its Retail Offer Document (**Offer Document**) in respect of the 1 for 4 pro-rata non-renounceable entitlement offer announced on 29 July 2022 (**Entitlement Offer**). The Offer Document along with personalised entitlement and acceptance forms have been issued to all eligible retail shareholders as of 2 August 2022. A copy of the Offer Document is attached to this announcement. The Entitlement Offer closes at 5.00pm (Sydney time) on Friday 2 September 2022.

Eligible retail shareholders are encouraged to carefully consider the full details of the Retail Entitlement Offer as contained in the Offer Document, including the “Risks” section of the Investor Presentation released to ASX on 29 July 2022 before deciding whether to participate in the Retail Entitlement Offer.

If you have any questions about the Retail Entitlement Offer, please contact the 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 Retail Entitlement Offer period.

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

**ENDS**

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#### About Carbonxt

Carbonxt (ASX:CG1) is a cleantech company that develops and markets specialised Activated Carbon products, primarily focused on the capture of mercury and other 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, waste water treatment and other liquid and gas phase markets.



## Retail Entitlement Retail Offer Booklet

1 for 4 accelerated pro-rata non-renounceable Retail Entitlement Offer of ordinary shares (**New Shares**) in Carbonxt Group Limited (**CG1**) at an offer price of \$0.14 per New Share

Offer closes at 5:00pm (Sydney time) on Friday, 2 September 2022

<b>NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES</b>
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**Partially Underwritten by MA Moelis Australia Advisory Pty Limited and Shaw and Partners Limited**

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 Retail Entitlement Offer period.

## Important Notices

Defined terms used in these important notices have the meaning given in this Retail Offer Booklet. This Retail Offer Booklet is dated 5 August 2022.

The Retail Entitlement Offer 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 Retail Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision.

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

This Retail Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer. This Retail Offer Booklet 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 Retail Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer set out in this Retail Offer Booklet.

### **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

#### **Future performance and forward looking statements**

This Retail Offer Booklet 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 Retail Offer Booklet 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 the "Risks" section of the Investor Presentation. 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 Retail Offer Booklet. Except as required by law or regulation (including the Australian Securities Exchange (**ASX**) 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 Retail Offer Booklet and the accompanying Entitlement and Acceptance Form do 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 Retail Offer Booklet 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 Retail Offer Booklet 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 Retail 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 Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this booklet, 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 Retail Offer Booklet, 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 Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. The New Shares offered in the Retail 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 Retail 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 Retail Offer Booklet 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 Retail Offer Booklet 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 the Presentation. 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 Retail Offer Booklet, 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 Retail Offer Booklet. 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 Retail

Entitlement Offer which is not contained in this Retail Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Retail Offer Booklet may not be relied upon as having been authorised by CG1 or any of its officers.

### **Times and dates**

Times and dates in this Retail Offer Booklet 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 Retail Offer Booklet 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 securities registry, Boardroom Pty Ltd 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 Retail Offer Booklet.

## Chairman's Letter

5 August 2022

Dear Shareholder,

On behalf of Carbonxt Group Limited (**CG1**) I am pleased to invite you to participate in a recently announced 1 for 4 accelerated pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in CG1 (**New Shares**) at an offer price of \$0.14 (**Offer Price**) per New Share (**Entitlement Offer**).

On 29 July 2022, CG1 announced its intention to raise up to approximately \$6.6 million through the Entitlement Offer. \$2.0 million of the Entitlement Offer has been underwritten by the Joint Lead Managers.

The content of that announcement is set out in an announcement lodged with the ASX on 29 July 2022 and is available at <https://www2.asx.com.au/markets/trade-our-cash-market/announcements.cg1>.

The institutional accelerated component of the Entitlement Offer (**Institutional Entitlement Offer**) was successfully completed on 2 August 2022. The Institutional Entitlement Offer raised approximately \$0.5 million. The number of shares available for the retail component was determined as follows:

	<b>Shares</b>	<b>A\$</b>
Institutional entitlement offer (including shortfall)	3,902,556	\$546,357.84
Institutional entitlement take up / Placement	2,863,483	\$400,887.62
Shares not placed	1,039,073	\$145,470.22
Retail entitlement offer	43,464,220	\$6,084,990.80

This information booklet (**Retail Offer Booklet**) relates to the non-accelerated component of the Entitlement Offer (**Retail Entitlement Offer**).

Also included in that same announcement were brief details of a further capital raise initiative. Subject to finalisation of binding documents and Carbonxt shareholder approval to be sought at the Company's 2022 Annual General Meeting (likely to be convened for late September), the Company expects to will raise a further \$13.5 million as follows:

- \$5.0 million through an issue of Convertible Notes to sophisticated investors (**Convertible Note Raise**); and
- \$8.5 through an extension and increase in a debt facility from Pure Asset Management (**Debt Raise**).

Altogether, between the Entitlement Offer, Convertible Note Raise and the Debt Raise, the Company is looking to raise up to \$20.1 million to support its 50% Joint Venture with KCP to build a state-of-the-art, low emission activated carbon plant with 20,000 tons capacity in Kentucky, USA (**Kentucky JV**).

The new activated carbon production plant will be located alongside innovative waste to energy ('WTE') provider Inez Power LLC. The plant is expected to significantly increase Carbonxt's production capacity and gross margins and will allow existing capacity to be repositioned to produce more specialised products.

Highlights of the proposed Kentucky JV include:

- Increases current production capacity from approximately 16,000 tonnes to over 25,000 tonnes (a 57% increase), with a further expansion available thereafter. All capacities are in economic ownership terms (i.e. 50% of new capacity).

- Cost of production for incremental Kentucky volumes expected to be materially less than existing capacity due to higher quality feedstock, low-cost renewable power source and shared services with KCP.
- Production Facility located adjacent to established and operational, renewable waste-to-energy facility, providing synergistic opportunities to further improve operating costs and quality control.
- Via a combination of its use of renewable energy and proprietary processes, Management believes that Kentucky will operate as one of the most sustainable plants of its kind in the world.
- Carbonxt's share of revenue is expected to be \$25 million at 50% capacity, and \$50 million at 100% capacity, at current market prices, once the plant is fully operational.
- Carbonxt's share of gross profit is expected to be \$13.8 million at 50% capacity, and \$27.5 million at 100% capacity, at current market prices, once the plant is fully operational.
- Provides Gross Margins of approximately 55% based on initial contracts. Modest incremental operating cost requirement for CG1, resulting in significant operating leverage.

### Details of the Retail Entitlement Offer

This Retail Offer Booklet sets out the terms of the Retail Entitlement Offer.

Under the Retail Entitlement Offer, Eligible Shareholders are entitled to subscribe for 1 New Share for every 4 existing fully paid ordinary shares in CG1 (**Entitlement**) held at 7:00pm (Sydney time) on 2 August 2022 (**Record Date**), at the Offer Price of \$0.14 per New Share.

Subject to the terms of this Retail Offer Booklet, Eligible Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). 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 ASX during the period prior to the close of the Retail 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 Retail 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 Retail Entitlement Offer can raise up to approximately \$6.1 million. \$1.7 million of the Retail Entitlement Offer is underwritten by the Joint Lead Managers.

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

The Retail 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.

### How to apply?

This Retail Offer Booklet is important and requires your immediate attention. It is accompanied by your personalised Entitlement and Acceptance Form which contains details of your Entitlement as well as important information including:

- key dates for the Retail Entitlement Offer;
- instructions on how to apply, setting out how to accept all or part of your Entitlement in the Retail Entitlement Offer if you choose to do so; and

- the Investor Presentation.

The Retail Entitlement Offer closes at 5:00pm (Sydney time) on 2 September 2022. To participate, you need to ensure that you have completed your application by:

- paying Application Monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form so that your payment via BPAY® has been received by the Share Registry by 5:00pm (Sydney time) on 2 September 2022;

OR

- lodging your Entitlement and Acceptance Form, together with payment of Application Monies, by cheque, bank draft or money order so that it is received by the Share Registry by 5:00pm (Sydney time) on 2 September 2022.

Please refer to the instructions in section 2 of this Retail Offer Booklet for further information. If you do not wish to take up your Entitlement, you do not have to take any action.

### **Additional information**

Further information on the Retail Entitlement Offer is detailed in this Retail Offer Booklet. You should read the entirety of this Retail Offer Booklet carefully including the “Risks” section of the Investor Presentation released to ASX on 29 July 2022 before deciding whether to participate in the Retail Entitlement Offer.

If you have any further questions about the Retail 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 Retail Entitlement Offer period.

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

Yours sincerely,

Matthew Driscoll  
Carbonxt Group Limited



## Summary of the Retail Entitlement Offer

### Retail Entitlement Offer

Ratio	1 New Share for every 4 existing Shares
Top-Up facility (shortfall rights)	Eligible Shareholders will have the opportunity to apply for additional New Shares above their Entitlement ( <b>Additional New Shares</b> )
Offer Price	\$0.14 per New Share
Size	Approximately 43.5 million New Shares
Gross Proceeds	\$6.1 million

### Key Dates for the Retail Entitlement Offer

Event	Date
Trading Halt announcement of Entitlement Offer	Friday, 29 July 2022
Institutional Entitlement Offer and bookbuild opens	Friday, 29 July 2022
Institutional Entitlement Offer closes	Monday, 1 August 2022
Record Date to determine eligibility to participate in the Retail Entitlement Offer	Tuesday, 2 August 2022
Trading Halt lifted and announcement of results of Institutional Entitlement Offer	Tuesday, 2 August 2022
Retail Offer Booklet lodged with ASX	Friday, 5 August 2022
Retail Offer Booklet and Entitlement and Acceptance Forms despatched	Friday, 5 August 2022
Retail Entitlement Offer opens	Friday, 5 August 2022
Retail Entitlement Offer closes	Friday, 2 September 2022
Announcement of results of Retail Entitlement Offer	Tuesday, 6 September 2022
Issue of New Shares under the Retail Entitlement Offer	Friday, 9 September 2022
Trading of New Shares under the Retail Entitlement Offer expected to commence on ASX on a normal settlement basis	Monday, 12 September 2022
Holding Statements sent to Shareholders	Tuesday, 13 September 2022

**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 ASX Listing Rules and other applicable laws. In particular, CG1 reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Retail Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX. All references in this Retail Offer Booklet are to Sydney, Australia time.

CG1 also reserves the right not to proceed with the Retail 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 Retail Entitlement Offer period.

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## 1 Overview of the Retail Entitlement Offer

### 1.1 Retail Entitlement Offer

The Retail Entitlement Offer is an offer of approximately 43.5 million New Shares at the Offer Price of \$0.14 per New Share. All Eligible Shareholders are entitled to subscribe for 1 New Share for every 4 existing Shares held at 7:00pm (Sydney time) on the Record Date.

The Retail Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be sold, transferred or otherwise disposed of.

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 Retail Shareholder subject to CG1's absolute discretion having regard to the circumstances at the time of the close of the Retail Entitlement Offer (**Allocation Principles**). 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 Retail Entitlement Offer opens at 10:00am (Sydney time) on Friday, 5 August 2022 and closes at 5:00pm (Sydney time) on Friday, 2 September 2022. The Retail Offer Booklet will be dispatched on 5 August 2022, 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 Retail Entitlement Offer is partially underwritten, with \$1.7 million underwritten by the Joint Lead Managers.

The Retail 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 Retail 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 Retail Entitlement Offer?

Under the Retail Entitlement Offer, Eligible Shareholders are being offered the opportunity to subscribe for 1 New Share for every 4 existing Shares held as at the Record Date (7:00pm (Sydney time) on Tuesday, 2 August 2022), at the Offer Price of \$0.14 per New Share. **Eligible Shareholders** are those Shareholders who:

- (a) were not institutional shareholders eligible to participate in the Institutional Entitlement Offer, as determined by the Lead Manager in consultation with the Company, who ultimately participated in the Institutional Entitlement Offer or were not institutional shareholders who were treated as ineligible institutional shareholders under the Institutional Entitlement Offer;
- (b) are registered as a holder of Shares as at the Record Date, being 7:00pm (Sydney time) on Tuesday, 2 August 2022;
- (c) as at the Record Date, have a registered address in Australia or New Zealand;
- (d) 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

- (e) are eligible under all applicable securities laws to receive an offer under the Retail 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 4 existing Shares you held as at the Record Date, being 7:00pm (Sydney time) on Tuesday, 2 August 2022. 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 Retail 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 12 September 2022 for New Shares issued under the Retail 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 Retail Entitlement Offer.

CG1 has determined that it would be unreasonable on this occasion to extend the Retail 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. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to eligible institutional shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlements or not) and institutional shareholders who were treated as ineligible institutional shareholders under the Institutional 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 Retail 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 CG1 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 of \$0.14 will be refunded following allotment. No interest will be paid on any Application Monies received and returned

## 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 Retail Entitlement Offer period. You should also refer to the “Risks” section of the Investor Presentation.

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

- take up all of your Entitlement and apply for Additional New Shares (see section 2.2 of this Retail Offer Booklet);
- take up all of your Entitlement (see section 2.3 of this Retail Offer Booklet);
- take up part of your Entitlement (see section 2.4 of this Retail Offer Booklet); or
- 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 of the Retail Entitlement Offer of 5:00pm (Sydney time), 2 September 2022.

### 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:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- insert the number of Additional New Shares you wish to apply for where indicated on the personalised Entitlement and Acceptance Form;
- 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
- return the Entitlement and Acceptance Form together with payment to the Share Registry so that it is received by 5:00pm (Sydney time) on 2 September 2022.

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 5:00pm (Sydney time) on 2 September 2022.

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 of the Retail Entitlement Offer of 5:00pm (Sydney time), 2 September 2022, you will be allotted your New Shares on Friday, 9 September 2022. 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:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- 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
- return the Entitlement and Acceptance Form together with payment to the Share Registry so that it is received by 5:00pm (Sydney time) on Friday, 2 September 2022.

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 5:00pm (Sydney time) on Friday, 2 September 2022.

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 Retail Entitlement Offer of 5:00pm (Sydney time), Friday, 2 September 2022, you will be allotted your New Shares on Friday, 9 September 2022. 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:

- 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;
- 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
- return the Entitlement and Acceptance Form to the Share Registry so that it is received by 5:00pm (Sydney time) on Friday, 2 September 2022.

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 5:00pm (Sydney time) on Friday, 2 September 2022.

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 of the Retail Entitlement Offer of 5:00pm (Sydney time) on Friday, 2 September 2022, you will be allotted your New Shares on Friday, 9 September 2022.

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 Retail 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 of Carbonxt 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 Carbonxt, having regard to factors such as Carbonxt'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 Carbonxt considers appropriate.

## 2.7 Payment

### (a) General

The Offer Price of \$0.14 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 Retail Entitlement Offer Account solely for the purpose of holding the Application Monies.

CG1 reserves the right to cancel the Retail Entitlement Offer at any time prior to the allocation of New Shares under the Retail Entitlement Offer. If the Retail 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 Retail 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](http://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 Friday, 2 September 2022. 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 \$0.14 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 Limited  
Level 12, 225 George Street, Sydney NSW 2000

## 2.9 Effect of Participating in Retail 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 Retail 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 Retail 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:
  - (iv) 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;
  - (v) you have read and understood this Retail Offer Booklet and the personalised Entitlement and Acceptance Form;
  - (vi) the information contained in this Retail Offer Booklet is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
  - (vii) this Retail Offer Booklet 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;
  - (viii) the Investor Presentation contained in section 4 of this Retail Offer Booklet contains a "Risks" section and that investments in CG1 are subject to risk;
  - (ix) 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 of \$0.14 per New Share; and
  - (ii) be bound by the terms of this Retail Offer Booklet 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;

(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 Retail Offer Booklet 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 Retail 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;
- (iii) you and each person on whose account you are acting have not and will not send any materials relating to the Retail Entitlement Offer, including this Retail Offer Booklet 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 Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail 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 Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail 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 Retail Entitlement Offer**

Subject to applicable law, CG1 reserves the right to withdraw the Retail 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 the Investor Presentation in section 4 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 Retail Entitlement Offer period. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

### 3 Purpose and Effect of the Entitlement Offer

#### 3.1 Use of proceeds

The Entitlement Offer forms part of the equity raising announced by the Company of 29 July 2022. The Entitlement Offer is being conducted in conjunction with a placement of ordinary shares to institutional investors (**Placement**) to raise in aggregate approximately \$6.6 million.

The Entitlement Offer comprises:

- an institutional component (**Institutional Entitlement Offer**); and
- a retail component (**Retail Entitlement Offer**).

The Institutional Entitlement Offer is expected to be settled on Tuesday, 9 August 2022 and is expected to raise gross proceeds of approximately \$0.4 million.

The Retail Entitlement Offer can raise gross proceeds of up to approximately \$6.1, with \$1.7 million underwritten.

As discussed in the Investor Presentation, in addition to the Entitlement Offer, Carbonxt has signed term sheets for the Convertible Note Facility expected to raise \$5.0 million, and the extension to the Pure Loan Facility expected to raise an additional \$8.5 million (before any associated cost). Details of those terms sheets are summarised in the Investor Presentation.

*Shareholders should note that there is no guarantee that either the Convertible Note Facility or Pure Loan Facility will be completed. Both of the relevant term sheets state that the respective facilities are subject to the parties agreeing all the terms of the formal documents governing those facilities. Further, assuming the formal documents for those facilities are agreed and executed, they are both subject to the approval of the Company's shareholders. It is therefore possible that, while the Company will raise funds under the Entitlement Offer (at least the partial underwritten amount (but subject to the terms of the Underwriting Agreement – see section 5.1)), the Convertible Note Raise and Debt Raise may not eventuate. In those circumstances, Carbonxt will not be able to proceed with the Kentucky JV in the manner currently contemplated and described in the Investor Presentation.*

Proceeds of the Entitlement Offer will, be applied to working capital and Carbonxt's investment in the Kentucky JV.

The total use of funds in relation to the Kentucky JV is set out below.

#### Use of Funds – Scenario 1

- \$2.0 million is raised under the Entitlement Offer (being the underwritten amount);
- Completion of Convertible Note Raise of \$5 million under the Convertible Note Facility; and
- Completion of the additional Debt Raise of \$8.5 million under the Pure Loan Facility,

Uses of Funds	\$m
<b>Kentucky facility (CG1 50% share)</b>	
Equipment	8.5
Electrical and mechanical	3.0
Site preparation and installation	2.0
Contingency	1.0
Cash to balance sheet / working capital	0.5
Costs associated with offer	0.5
<b>Total Uses of Funds</b>	<b>15.5</b>

### Use of Funds – Scenario 2

- Assumes 100% take-up under the retail entitlement offer of \$6.1 million and \$0.4 million under the Institutional Entitlement Offer;
- Completion of Convertible Note Raise of \$5 million under the Convertible Note Facility; and
- Completion of the additional Debt Raise of \$8.5 million under the Pure Loan Facility,

Uses of Funds	\$m
<b>Kentucky facility (CG1 50% share)</b>	
Equipment	8.5
Electrical and mechanical	3.0
Site preparation and installation	2.0
Contingency	1.0
Cash to balance sheet / working capital	4.6
Costs associated with offer	0.8
<b>Total Uses of Funds</b>	<b>19.9</b>

### Use of Funds – Scenario 3

- \$2.0 million is raised under the Entitlement Offer (being the underwritten amount)
- No completion of Convertible Note Raise; and
- No Completion of the additional Debt Raise.

Uses of Funds	\$m
Cash to balance sheet / working capital	1.8
Costs associated with offer	0.2
<b>Total Uses of Funds</b>	<b>2.0</b>

### 3.2 Capital structure

Set out below are the implications of the entitlement offer on the capital structure of the Company allowing for three different scenarios depending on the success (or otherwise) of the entitlement offer, Convertible Note Raise and Debt Raise.

Shareholders should note that the Debt Raise also impacts on the capital structure of the Company because the Pure Loan Facility terms sheet (summarised in the Investor Presentation), provides for the issue by Carbonxt of 50 million warrants. Warrants are similar to options to the extent that the holder of a warrant may exercise a warrant and, upon payment of the relevant exercise price, be issued with a share.

#### Capital Structure– Scenario 1

- \$2.0 million is raised under the Entitlement Offer (being the underwritten amount);
- Completion of Convertible Note Raise of \$5 million under the Convertible Note Facility; and
- Completion of the additional Debt Raise of \$8.5 million under the Pure Loan Facility,

	Number of Shares	% of issued capital
Carbonxt Securities on issue (pre-Entitlement Offer)	189,467,103	64.1%
Institutional Entitlement and Shortfall Placement	2,863,483	1.0%
Retail Entitlement Offer (assuming nil take-up)	11,422,231	3.9%
Upon conversion of Convertible Notes under the Convertible Note Facility*	41,666,667	14.1%
Upon exercise of the Warrants under the Pure Loan Facility**	50,000,000	16.9%
<b>Total Pro-Forma Securities on Issue</b>	<b>295,419,484</b>	<b>100.0%</b>

\* Assumes convertible notes are exercised at the floor price of \$0.12 (see the summary of the terms sheet for the Convertible Note Facility in the Investor Presentation)

\*\*Note that under the Company's existing loan facility with Pure, it had issued Pure with 6.2 million Warrants. Consequently, Pure will hold up to 56.2 million Warrants. The terms of the existing Pure facility have been previously announced.

#### Capital Structure– Scenario 2

- Assumes 100% take-up under the retail entitlement offer of \$6.1 million and \$0.4m under the Institutional Offer
- Shareholder approval of Convertible Note Raise of \$5.0 million



- Shareholder approval of the additional Debt Raise of \$8.5 million under the Pure Loan Facility

	Number of Shares	% of issued capital
Carbonxt Securities on issue (pre-Entitlement Offer)	189,467,103	57.9%
Institutional Entitlement and Shortfall Placement	2,863,483	0.9%
Retail Entitlement Offer (assuming 100% take-up)	43,464,220	13.3%
Upon conversion of Convertible Notes under the Convertible Note Facility*	41,666,667	12.7%
Upon exercise of the Warrants under the Pure Loan Facility**	50,000,000	15.3%
<b>Total Pro-Forma Securities on Issue</b>	<b>327,461,473</b>	<b>100.0%</b>

\* Assumes convertible notes are exercised at the floor price of \$0.12 (see the summary of the terms sheet for the Convertible Note Facility in the Investor Presentation)

\*\*Note that under the Company's existing loan facility with Pure, it had issued Pure with 6.2 million Warrants. Consequently, Pure will hold up to 56.2 million Warrants. The terms of the existing Pure facility have been previously announced.

### Capital Structure– Scenario 3

- \$2.0 million is raised under the Entitlement Offer (being the underwritten amount);
- No completion of Convertible Note Raise; and
- No Completion of the additional Debt Raise.

	Number of Shares	% of issued capital
Carbonxt Securities on issue (pre-Entitlement Offer)	189,467,103	93.0%
Institutional Entitlement and Shortfall Placement	2,863,483	1.4%
Retail Entitlement Offer (assuming nil take-up)	11,422,231	5.6%
<b>Total Pro-Forma Securities on Issue</b>	<b>203,752,817</b>	<b>100.0%</b>

### 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 Institutional Shareholders and 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 Offer (consisting of both 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 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 ASX 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 ASX 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 Company's Constitution and the Corporations Act. A copy of the Company's 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 Company's 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 ASX Announcement and Investor Presentation

### 4.1 ASX Announcement released by Carbonxt on 2 August 2022



#### ASX RELEASE

2 August 2022

### Successful completion of Institutional Entitlement Offer

#### Highlights:

- Carbonxt completed the Institutional Entitlement Offer component of its 1-for-4 partially underwritten, non-renounceable accelerated entitlement offer to raise a maximum of \$6.6 million (\$2.0 million underwritten) (Offer)
- The Institutional Entitlement Offer raised approximately \$0.4 million from existing institutional and wholesale investors
- Proceeds from the Offer will be applied to construction and development of Carbonxt's Kentucky-based Activated Carbon Pellet and Granular Activated Carbon processing plant in Joint Venture with private US investor KCP
- In addition to the Offer, Carbonxt has signed term sheets for \$5 million of convertible notes with two Australian institutional investors, and the extension of the PURE Asset Management debt facility by an additional \$8.5 million
- The Retail Entitlement Offer will open on Friday, 5 August 2022

Carbonxt Group Limited (ASX:CG1) (**Carbonxt** or **Company**) is pleased to announce the successful completion of the institutional component of the accelerated non-renounceable entitlement offer (**Institutional Entitlement Offer**), details of which were announced on Friday, 29 July 2022.

The Institutional Entitlement Offer raised \$0.4 million and will result in the issue of approximately 2.9 million new fully paid ordinary securities in CG1 (**New Securities**) at an issue price of \$0.14 per security (**Offer Price**).

CG1 expects to re-commence trading on the ASX on an ex-entitlements basis from market open today, Tuesday, 2 August 2022.

As reported last week, funds from the Offer are being applied to the construction of a state-of-the-art activated carbon plant which is being developed in a JV with local US partner KCP, a private US business. Once operational, CG1's total annual production capacity of activated carbon powder and pellet products increases 57% to 25,000 tonnes per annum.

## Comment

**Carbonxt Managing Director, Warren Murphy, commented:** *“The Joint Venture with KCP and the development of the Kentucky production plant represents a transformational development for CG1, bringing considerable added product capacity which strengthens our market presence and of course revenue and margins. We believe that the new Kentucky facility will be the greenest and most sustainable production facility of specialty activated carbon anywhere in the world which will give us a unique selling point in the market. I look forward to updating shareholders more regularly as the plant takes shape and we deliver pre-orders for all of the production capacity.”*

The New Securities issued under the Institutional Entitlement Offer will be settled on Tuesday, 9 August 2022 and are expected to commence trading on the ASX on a normal settlement basis on Thursday, 11 August 2022.

## Commencement of the Retail Entitlement Offer

The retail component of the accelerated non-renounceable entitlement offer (**Retail Entitlement Offer**) will open at 9:00am (Sydney time) on Friday, 5 August 2022 and closes at 5:00pm (Sydney time) on Friday, 2 September 2022.

Eligible securityholder who hold securities in CG1 as at 7:00pm (Sydney time) on the record date of Tuesday, 2 August 2022 and have a registered address in Australia or New Zealand (**Eligible Retail Securityholders**) will be invited to participate.

Further details on the Retail Entitlement offer will be provided in the retail offer booklet which will be sent to Eligible Retail Securityholders and announced on the ASX on Friday, 5 August 2022.

## Key dates

• Activity	• Date
Announcement of trading halt and capital raising	Friday, 29 July 2022
Institutional Entitlement Offer and bookbuild commences	Friday, 29 July 2022
Carbonxt comes out of trading halt and announces the results of the Institutional Entitlement Offer	Tuesday, 2 August 2022
Record Date for participation in Entitlement Offer (7.00pm (AEST))	Tuesday, 2 August 2022
Retail Entitlement Offer opens and despatch of Retail Offer	Friday, 5 August 2022
Settlement of Institutional Entitlement Offer	Tuesday, 9 August 2022
Allotment of Institutional Entitlement Offer shares	Wednesday, 10 August 2022
Retail Entitlement Offer closes	Friday, 2 September 2022
Announcement of results of Retail Entitlement Offer	Tuesday, 6 September 2022
Settlement of Retail Entitlement Offer	Thursday, 8 September 2022
Allotment of Retail Entitlement Offer shares	Friday, 9 September 2022
Normal trading resumes on all shares	Monday, 12 September 2022

\*IMPORTANT NOTE: The indicative timetable above is subject to change without notice. The Company reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

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

**ENDS**

**Enquiries**

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Managing Director  
+61 413841216  
w.murphy@carbonxt.com

Ben Jarvis, Six Degrees Investor Relations: 0413 150 448

**About Carbonxt**

Carbonxt (ASX:CG1) is a cleantech company that develops and markets specialised Activated Carbon products, primarily focused on the capture of mercury and other 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, waste water treatment and other liquid and gas phase markets.



Cleantech company reducing emissions and pollutants

# Capital raising to support new production facility

Investor Presentation

29 July 2022

ASX: CG1

# Company snapshot



- ❖ ASX listed Cleantech company producing patented activated carbon products ('AC') to eliminate toxic pollutants from industrial gas and wastewater streams
- ❖ The ONLY US manufacturer of industrial AC Pellets
- ❖ Operating in large addressable markets with rapidly growing industrial use cases
- ❖ Large and sticky customer base, with a number of 3-5 year contracts with high retention
- ❖ Multiple near term value drivers provide shareholders with significant growth opportunities



## SUMMARY

Share Price (\$)¹	\$0.15
Shares on Issue (m)	189.5
Market Cap. (\$m)¹	\$28.4
Cash (\$m) (30 June 2022)	\$1.10
Debt (\$m) (31 December 2021)	\$5.03
Enterprise Value (\$m)¹	\$32.33
Options/Warrants (m)	36.54

1. As at 20 June, 2022  
2. As at 31 March, 2022

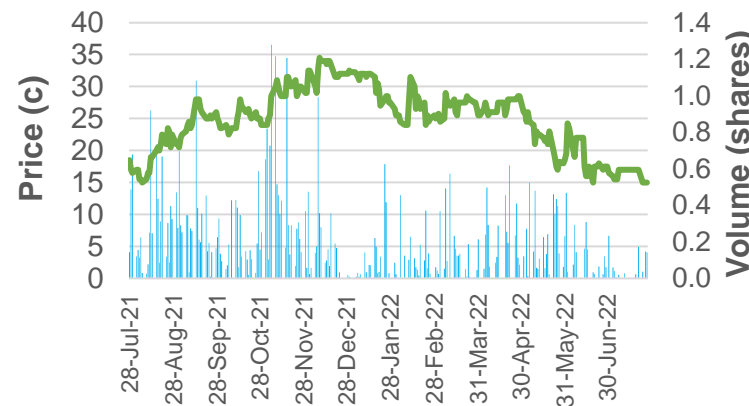


## BOARD OF DIRECTORS

Name	Position	Shares (m)
Matthew Driscoll	Chairman	1.58
Warren Murphy	MD	1.08
David Mazyck	Director	0.43
TOTAL		1.63%



## PRICE AND VOLUME CHART



Volume

ClosePrice



## SHARE REGISTER

Pie Funds Management	7.8%
L A Andrews Investments	4.2%
Sufian Ahmed	3.6%
Altor Capital Management	2.9%

# Transformational investment opportunity



1

CG1 has signed term sheets for the establishment and financing of 50% ownership in a new state-of-the-art activated carbon plant located in eastern Kentucky, USA in collaboration with KCP, an established, well capitalised and well connected participant in the US market

2

Increases current production capacity from ~16,000 tonnes to over 25,000 tonnes (a 57% increase), with a further expansion available thereafter. All capacities are in CG1 economic ownership terms (i.e. 50% of new capacity)

3

Right time in the cycle; pricing of all forms of CG1's activated carbon products are up 40% in the last six months to between US\$3,200 and US\$3,800 per ton as evidenced through new contracts

4

Cost of production for incremental Kentucky volumes expected to be materially less than existing capacity due to higher quality feedstock, low-cost renewable power source and shared services with KCP. Provides Gross Margins of approximately 55% based on initial contracts. Modest incremental operating cost requirement for CG1, resulting in significant operating leverage

5

Production Facility located adjacent to established and operational, renewable waste-to-energy facility, providing synergistic opportunities to further improve operating costs and quality control

6

World class ESG credentials – Management believes that Kentucky will operate as one of the most sustainable plants of its kind in the world

7

CG1 emerges with a diversified manufacturing portfolio in North America with plants located in Kentucky, Minnesota and Georgia



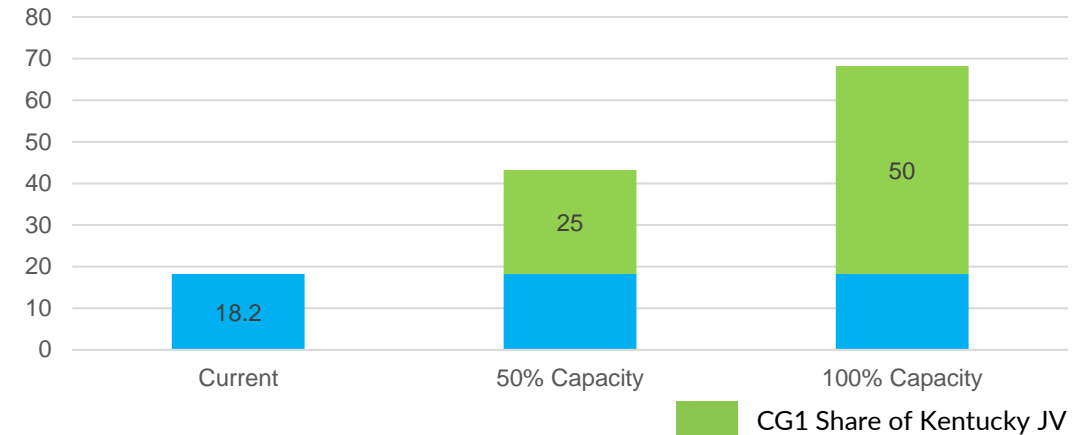
# Kentucky project delivers significant production capacity



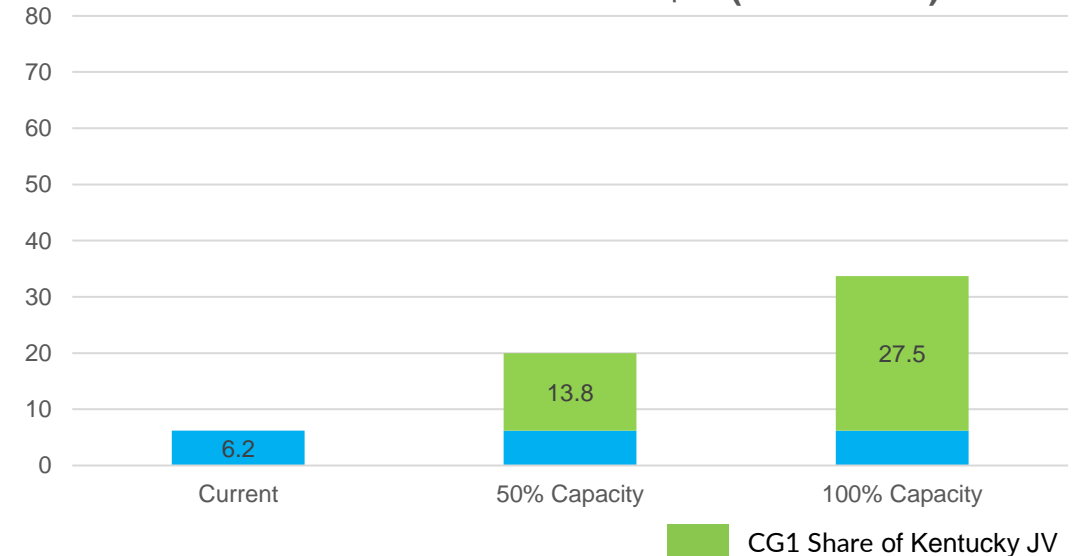
- ❖ New activated carbon production plant located in eastern Kentucky alongside innovative waste to energy ('WTE') provider Inez Power LLC
- ❖ Significantly increases production capacity and gross margin and allows existing capacity to be repositioned to produce more specialised products
- ❖ Activated carbon market continuing rapid growth as energy intensive industries commit to reducing emissions
- ❖ Facilitates entry into the ~US\$500m granular activated carbon ('GAC') market, dramatically increasing CG1's addressable market
- ❖ The GAC market in the US is set to outpace the current market for pellets;
  - GAC consumption of 110k-120k tons per year is set to increase by a further 25-50% tons per annum based on decarbonisation trends
- ❖ Due to a number of supply and demand forces, activated carbon prices have increased by ~40% in 2022. The Kentucky expansion provides scale and cost benefits, allowing CG1 to capitalise on the structural growth within activated carbon markets at attractive operating margins
- ❖ Production expected from Kentucky facility before 30 June 2023

**New contracts announced for ~2,400 tons (1,200 CG1 share) at average of US\$3,725 per ton to support new production capacity, with ongoing discussions for additional volume**

Indicative Revenue A\$m (CG1 Share)\*



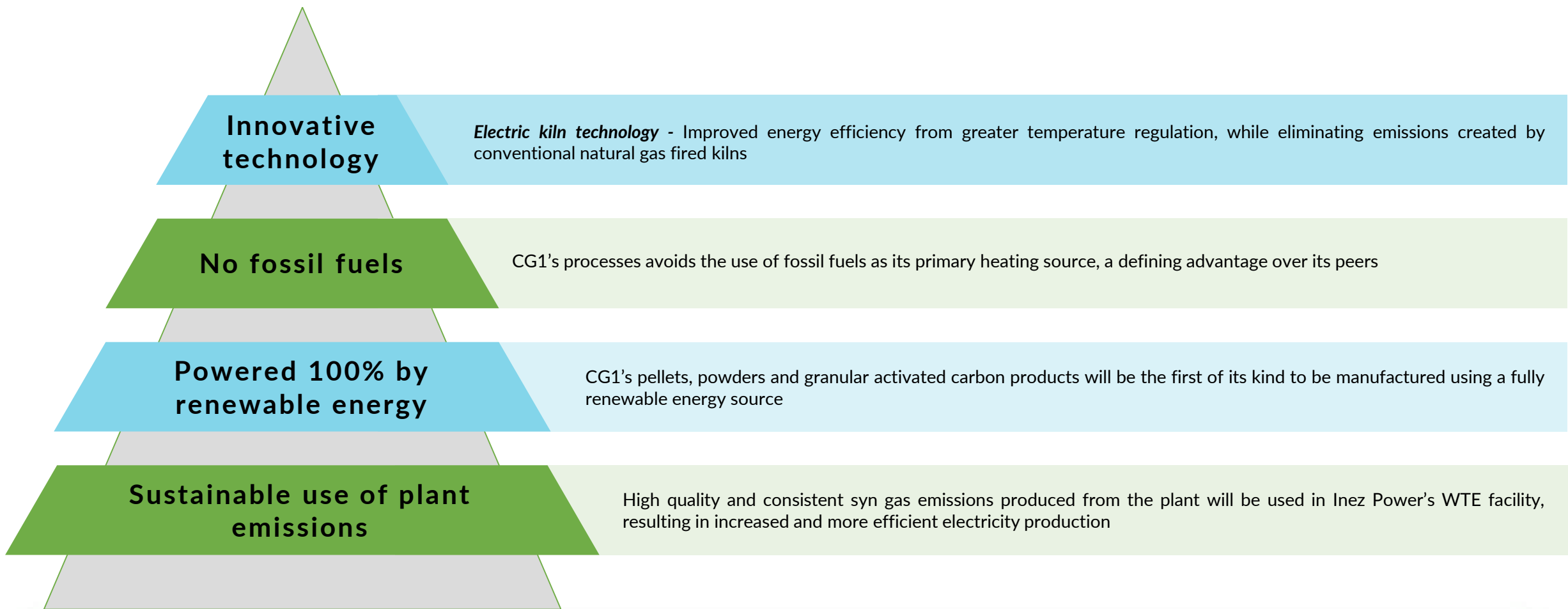
Indicative Gross Profit A\$m (CG1 share)\*



# Benefits delivered from unique plant characteristics

- ❖ Design and engineering work underway, with first production anticipated prior to 30 June 2023
- ❖ Strategic location adjacent to Inez Power's WTE facility (*refer image*)
- ❖ Economies of scale for the initial construction and long-term operation of the plant;
  - Close to high quality raw material (carbon) sources
  - Strategically located beside a modern four-lane regional highway – within one day's delivery to two thirds of the US population
- ❖ Synergistic opportunities to deliver much lower costs of operation, including high-quality feedstock, shared services with KCP and access to low-cost, renewable energy source
- ❖ Electricity from WTE facility to be used as an energy source, resulting in the lowest cost of production for CG1's activated carbon plant in the US;
  - ~US\$0.06 k/Wh compared to typical commercial rate of over US\$0.20 k/Wh.
  - Represents a > 10% reduction in production costs, from renewable source.
- ❖ Significant volumes (2,400t) newly contracted to CG1 partners and new customers in multiple industrial sectors





**CG1's believes its plant will be the greenest and most sustainable of its kind in the world**

# Broadened product range underpinned by unrivalled IP



## Proprietary Activated Carbon Pellet technology ('ACP')

- ❖ The **only** North American manufacturer of industrial ACP products, in a fast growing and largely underpenetrated market
- ❖ Entered US market in FY18 – \$9m+ revenue in first full year and in FY20 despite largest customer being affected by COVID-19
  - Enquiries increasing as awareness of Pellet capabilities grows - >10 customers with 8 added in the last 12 months
- ❖ Existing Manufacturing facility in Arden Hills (Minnesota) and new facility to be built in Kentucky with operations commencing 2QFY22
  - 16,000t p.a. total capacity (economic interest) depending on product produced; (avg. price A\$5,000/ton);

Activated Carbon Pellet (ACP)



## Proprietary Powdered Activated Carbon ('PAC')

- ❖ Mercury capturing PAC that doesn't contain bromine and does not corrode capital equipment
- ❖ Long sales lead time and competitive market – lead time expected to shorten as Company moves into scale and profitability
- ❖ Carbonxt manufacturing facility in Black Birch (Georgia, USA) currently at ~70% utilisation
  - 10,000t p.a. capacity (avg. price A\$1,800/t); Gross margin expected to increase with scale to ~40% from ~34% today

Powdered Activated Carbon (PAC)



## Granular Activated Carbon technology ('GAC')

- ❖ GAC is the best-known technology for addressing "forever chemicals" (PFOAs). PFOAs are widespread and man-made, found often as a byproduct of manufacturing non-stick, stain-, water-, and heat-resistant products. Many States are regulating the use of PFOAs
- ❖ Accordingly, the Market for GAC products set to grow significantly
  - Consumption of 115,000 tons per year is set to increase by 30,000 to 60,000 tons per annum based on PFOAs and decarbonisation trends

Granular Activated Carbon ('GAC')



# Strong macro tail winds driving the cleantech sector



Unprecedented levels of investment in low carbon cleantech assets – ESG mandated assets are projected to make up half of all professionally managed assets globally by 2024



CG1's success in addressing major environmental concerns of airborne emissions and water contamination was recently featured on US National TV (CNBC) series 'Advancements' with Ted Danson on the 11th September 2021 – <http://advancementstv.com/segments/>



Biden Administration embracing steep cuts to industrial carbon emissions - US budget included a US\$12 billion allocation for the Environmental Protection Agency (EPA), highest budget ever and a 29% increase on previous levels

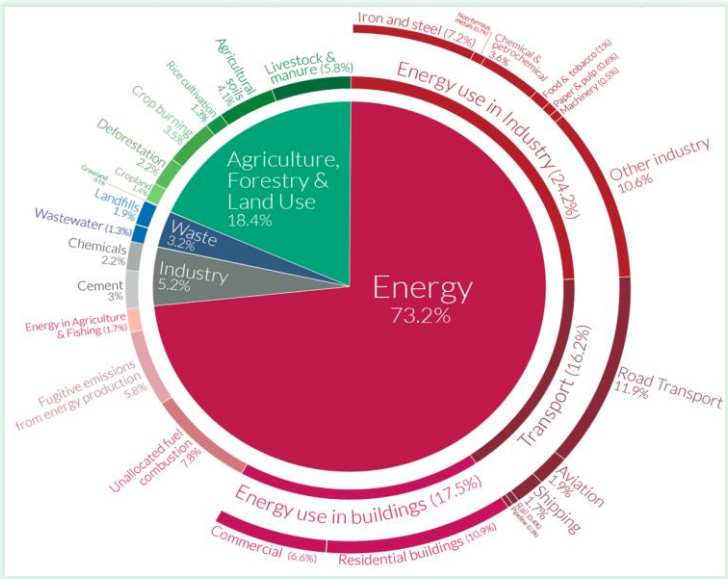


World's largest 217 companies reported their financial impact from climate related risks at US\$1 trillion – it is cheaper to manage these physical and transitional risks up front



Source: Morningstar Direct

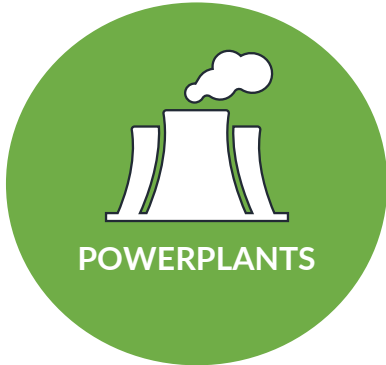
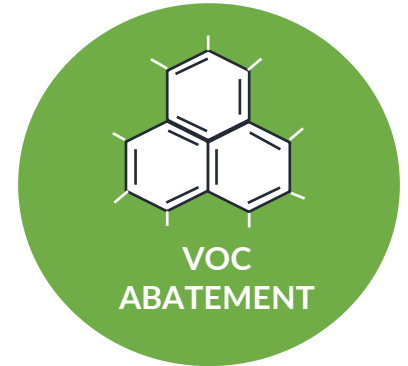
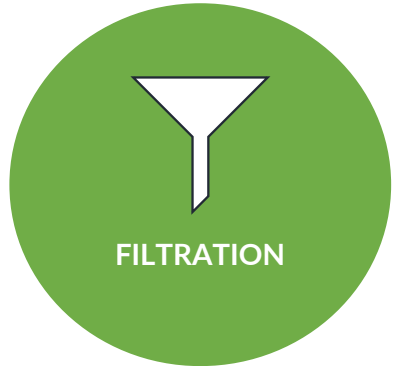
US sustainable funds flow – ESG attracted US\$70 billion in new assets in 2021



Global breakdown of greenhouse gas emissions

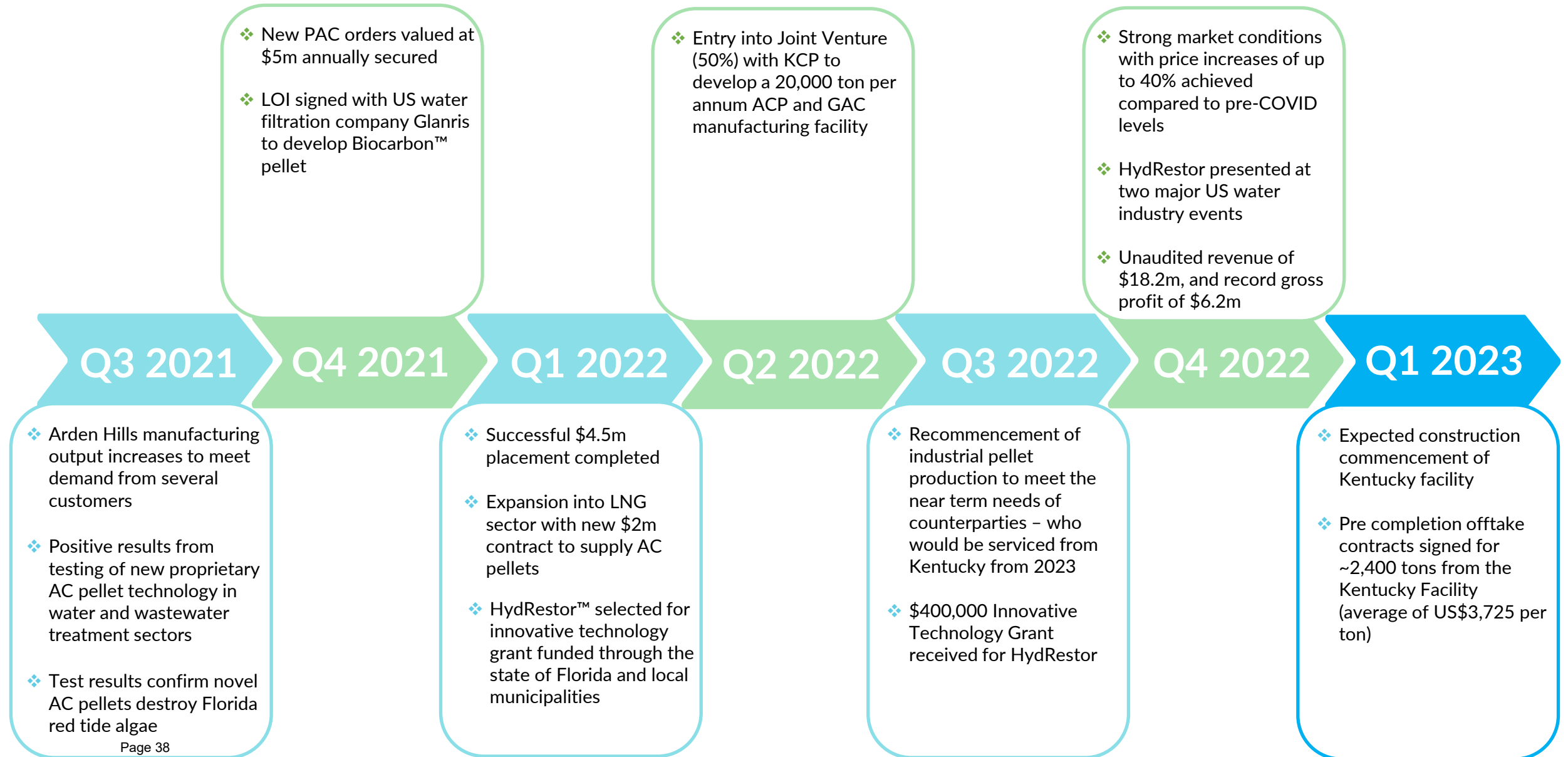


# Broad industry applications with large addressable markets



- ❖ AC Peller market expanding rapidly across a broad range of industrial applications
- ❖ Pellets for the Granular Activated Carbon (GAC) market lower the pressure drop for users thereby reducing energy consumption and carbon emissions. GAC is a US\$500m market
- ❖ Development of new solutions continue to expand the addressable market into new industries, creating strong and immediate growth opportunities

# Recent successes and near-term value drivers



# Revenue back to pre-COVID levels, record gross profit, EBITDA positive

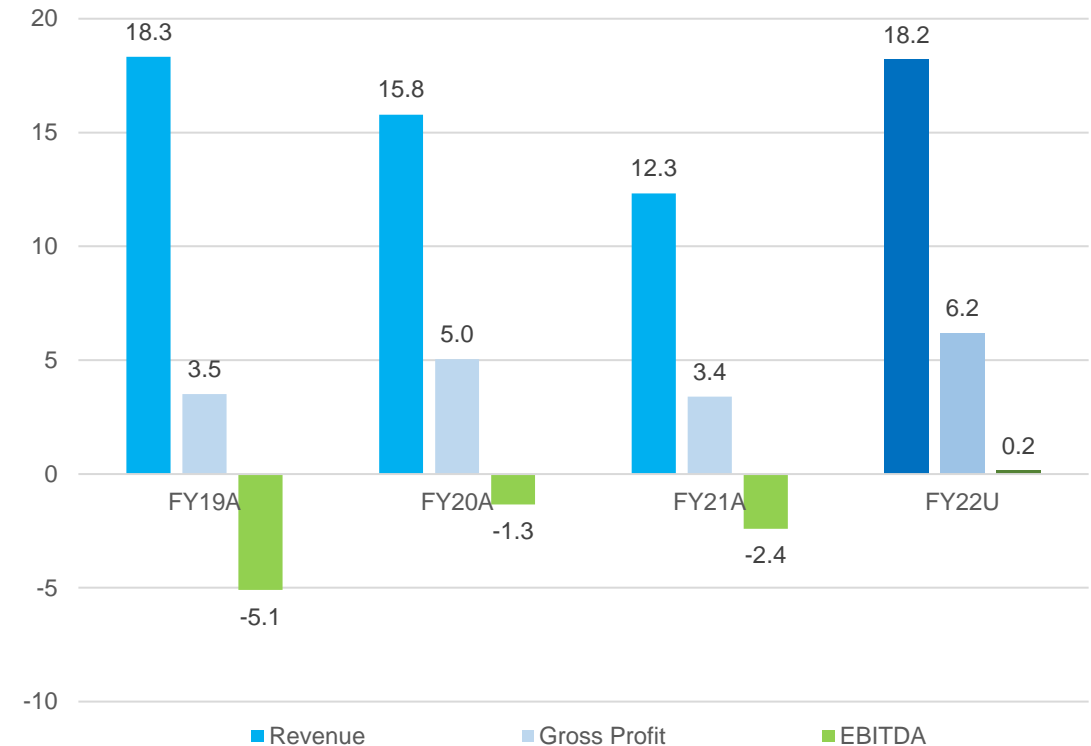


- ❖ Unaudited FY22 revenues exceed pre-pandemic levels: COVID-19 related disruptions are now resolved. Expansion plans being executed to meet market demand.
- ❖ Demonstrable progress to cash flow positive operations. Unaudited revenue back to pre-COVID levels, record gross profit, and EBITDA positive in FY22
- ❖ Business momentum continues:
  - Signed LOI with US water filtration company Glanris to develop Biocarbon pellet (December 2021)
  - Univar Solutions contract win for expansion into LNG sector (March 2022)
  - HydRestor selected for innovative grant through state of Florida (March 2022)
  - New contracts for ~2,400 tons at average of US\$3,725 per ton:

Contract Party	Price / ton	Term	Volume (tons)
Customer A	\$3,500	1 year	500
Customer B	\$3,800	3 years	500
Customer C	\$3,800	1 year	400
Four Distributors	\$3,800	1 year	~1,000

- ❖ Demand from customers increasing with new customer orders received; operations at Arden Hills and Black Birch nearing maximum capacity and on a 24/7 cycle
  - Margin improvement expected as higher volumes decrease fixed plant costs on a per unit basis
- ❖ Cash receipts have improved since COVID-19 disruptions, with operating cash flow trending positively

Revenue, Gross Profit and EBITDA



A = Audited  
U = Unaudited

**Unaudited FY22 results show revenue growth, record gross profit and EBITDA positive operations**



# Equity Raising

# Key details of the offer

Capital raising details	<ul style="list-style-type: none"> <li>❖ CG1 will undertake a pro-rata accelerated non-renounceable entitlement offer of 1 new share for every 4 shares on issue, to raise up to \$6.6 million (“Entitlement Offer”) <ul style="list-style-type: none"> <li>○ \$2.0 million of the Entitlement Offer is underwritten, with sub-underwriting support from existing and new sophisticated and professional shareholders</li> </ul> </li> </ul>
Offer pricing metrics	<ul style="list-style-type: none"> <li>❖ The Entitlement Offer will be conducted at \$0.14 per share (the “Issue Price”), which represents: <ul style="list-style-type: none"> <li>○ 6.7% discount to CG1’s closing share price on Thursday 28 July 2022 of \$0.15 per share</li> <li>○ 10.1% discount to CG1’s 10-day VWAP on Thursday 28 July 2022 of \$0.156 per share</li> <li>○ 5.4% discount to TERP<sup>1</sup> of \$0.148 per share</li> </ul> </li> </ul>
Entitlement Offer overview	<ul style="list-style-type: none"> <li>❖ The Retail Entitlement Offer will open on Friday, 5 August 2022 and close on Friday, 2 September 2022</li> <li>❖ Eligible existing shareholders in Australia and New Zealand have the opportunity to apply for additional New Shares in addition to their entitlement under a “Top-up Facility”, subject to scale back at the Company’s discretion</li> <li>❖ \$2.0 million of the Entitlement Offer is underwritten with sub-underwriting support from existing shareholders. The Company reserves the right to place any additional shortfall for 3 months following the completion of the Entitlement Offer</li> <li>❖ Further details in relation to the Entitlement Offer will be provided to eligible shareholders in Australia and New Zealand in due course</li> </ul>
Ranking	<ul style="list-style-type: none"> <li>❖ New shares under the Entitlement Offer will rank equally with existing shares on issue</li> </ul>
Director Participation	<ul style="list-style-type: none"> <li>❖ Australian based Directors, Matthew Driscoll (Chair) and Warren Murphy (Managing Director) will take up their full entitlement</li> </ul>

Sources of Funds	\$m
Underwritten Entitlement Offer	2.0
Convertible Note Facility	5.0
Additional Loan Facility	8.5
<b>Total Sources of Funds</b>	<b>15.5</b>

Uses of Funds	\$m
<b>Kentucky facility (CG1 50% share)</b>	
- Equipment	8.5
- Electrical and mechanical	3.0
- Site preparation and installation	2.0
- Contingency	1.0
Cash to balance sheet	0.5
Costs associated with offer	0.5
<b>Total Uses of Funds</b>	<b>15.5</b>

- ❖ The funds raised under the offer will be used to fund the capital expenditure requirements for the Kentucky facility currently under construction
- ❖ In addition to the funds raised from the Entitlement Offer, the Company has executed term sheets for:
  - ❖ Convertible Note Facility : provided by two domestic institutional investors; and
  - ❖ Loan Facility : extension of the Pure Asset Management facility
- ❖ New Secured Loan Facility and Converting Note Facility subject to final documentation and approval by Shareholders at the AGM
  - ❖ Summary of key terms included in Appendix to this presentation
- ❖ Substantial progress already made on Kentucky facility
  - ❖ Site fully permitted
  - ❖ Ground-works commenced
  - ❖ Equipment identified (all US based / local suppliers with stock)
  - ❖ Equipment and services fully costed at current market
- ❖ Any additional amounts raised under the Entitlement Offer will provide additional working capital for the company

# Equity raising timetable



Event	Time and date (AEDT)
Trading Halt	Friday, 29 July 2022
Announcement of the Equity Raising, Institutional Entitlement Offer open	Friday, 29 July 2022
Institutional Entitlement Offer closes	3:00pm, Friday, 29 July 2022
Announcement of results of Institutional Entitlement Offer	Tuesday, 2 August 2022
Trading halt lifted and trading recommences on an ex-entitlement basis	Tuesday, 2 August 2022
Record date for determining entitlement to subscribe for New Shares	7:00pm, Tuesday, 2 August 2022
Retail Entitlement Offer opens and retail offer booklet despatched	Friday, 5 August 2022
Settlement of New Shares issued under the Institutional Entitlement Offer	Tuesday, 9 August 2022
Retail Entitlement Offer closes	Friday, 2 September 2022
Announcement of results of Retail Entitlement Offer	Tuesday, 6 September 2022
Settlement of New Shares issued under the Retail Entitlement Offer	Thursday, 8 September 2022
Allotment of New Shares issued under the Retail Entitlement Offer	Friday, 9 September 2022
Quotation of New Shares issued under the Retail Entitlement Offer	Monday, 12 September 2022
Expected despatch of holding statements	Tuesday, 13 September 2022

## CONTACT

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Managing Director



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# Risks

<b>Regulatory Risk</b>	Carbonxt is heavily reliant on US environmental policies and regulation, in particular the EPA's MATS 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) which progressively come into effect from December 2018. Any change to or reversal of current legislation would have a significant negative effect on the Company's business model and financial performance. It should be noted that the current President has mooted substantially changes in the operation of the EPA and regulation, including MATS, may be affected. At this stage, the utilities that Carbonxt conducts business with have indicated no change to their future planned operating procedures and planning.
<b>Expected Financial Impact</b>	Carbonxt has undertaken an analysis of the expected financial impact that the new production facility will have on the financial performance of the Company. Any guidance referred to in this presentation is the Company's best estimate of anticipated financial results based on the information available at the date that guidance was given. However, there is a risk that unforeseen issues or factors outside of the control of the Company may cause the actual results achieved to differ or be weaker than anticipated, and such differences may be material to the Company's financial performance.
<b>Competition Risk</b>	The Company operates in a dynamic AC market primarily driven by the US EPA'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.
<b>Ability to retain existing clients or attract new clients</b>	The Company's business depends on its ability to retain contracts with existing customers and 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 Risk</b>	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 Carbonxt's intellectual property may also have an adverse effect on the Company's financial performance.
<b>Reliance on Key Personnel</b>	Carbonxt 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.
<b>Safety and Industrial Accidents</b>	The manufacture and supply of the Company's products are subject to safety related risks, which are managed carefully by the Company. Despite the relevant safety guards there is no guarantee a serious accident will not occur in the future, which may negatively affect the financial performance of the Company.

<b>Brand Establishment and Maintenance</b>	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.
<b>Offshore Operations</b>	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.
<b>Exchange Rate Risk</b>	The Company is exposed to movements in exchange rates as the vast majority of the Company's revenue and expenses are denominated in USD. Adverse movements in the AUD/USD exchange rate may have an adverse effect on the reported financial performance and/or financial position of the Company.
<b>Product liability and uninsured risks</b>	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.
<b>General Market Risks</b>	General economic factors such as interest rates, exchange rates, inflation, business and consumer confidence and general market factors may have an adverse impact on Carbonxt's performance, prospects or value of its assets. The market price of the Company's shares will fluctuate due to various factors, many of which are not specific to Carbonxt, 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 Carbonxt shares to trade at or below their issue price.
<b>Litigation</b>	In the ordinary course of business, Carbonxt 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 Carbonxt's financial position.
<b>Other Risks</b>	The above risks should not be taken as a complete list of the risks associated with an investment in Carbonxt. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the Company, or the value of the Shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Carbonxt in respect of the Company or the Shares.



# Loan Facility Term Sheet Summary

# Loan Facility term sheet summary



The Company has entered into a Term Sheet with Pure Asset Management Pty Limited (Pure) under which Pure makes available to the Company a secured term loan facility (Loan Facility) the terms of which may be summarised as below.

It should be noted that the Company has an existing loan from Pure for the amount of approximately \$5.5 million (Existing Loan). As detailed below, the new Loan facility is for an amount of \$14 million which, after paying back the Existing Loan, makes available to the Company an amount of \$8.5 million (before costs).

Facility Terms		
1.	Facility Amount	\$14,000,000
2.	Purpose	The Loan must be applied: (a) first, towards full payment of outstanding fees; (b) second, funding the Kentucky Joint Venture; (c) third, towards acquisitions and product development, and (d) fourth, towards working capital and general corporate purposes, or such other purposes approved by Pure in writing
3.	Repayment Date	48 months after utilisation (or earlier upon default of other prescribed events.
4.	Establishment Fee	2.00% of the Facility Amount, payable on the utilisation date
5.	Ranking and Security of Note Facility	The Notes will be secured by a first ranking general security interest over the assets of the Company and its subsidiaries.
6.	Interest Rate	9.50% per annum (14.00% per annum following a an event of default or other events which will be specified in the formal agreement governing the Loan Facility (Facility Agreement)
7.	Drawdown	The Facility Amount will be made available in cleared funds on execution of Facility Agreement.
8.	Financial Covenants and other undertakings	<div> <div>(a)</div> <div>Cash balance to be greater than A\$3,000,000 at all times;</div> </div> <div> <div>(b)</div> <div>Beginning 30 June 2023, Net Debt / trailing 6m EBITDA must be below 8x, tested quarterly.</div> </div> <div> <div>(c)</div> <div>Trailing 12-month EBITDA greater than A\$7,000,000 as at 30 June 2025.</div> </div> <div> <div>(d)</div> <div>Beginning 30 June 2023, Net Debt / trailing 6m EBITDA must be below 6x,.</div> </div> <div> <div>(e)</div> <div>The Company will provide other undertakings to Pure which are customary with senior lenders.</div> </div>
9.	Information Rights	Pure will have information and audit rights which are customary with senior lenders.

# Loan Facility term sheet summary (cont'd)

Facility Terms		
10.	Warrants	<p>The Company shall be required to issue 50,000,000 warrants (Warrants) to Pure or its nominees with an exercise price (Exercise Price) being the lower of the following:</p> <p>(a) Exercise Price relating to each individual Warrant Shares tranche:</p> <p>i) 14,000,000 exercisable at \$0.20</p> <p>ii) 13,000,000 exercisable at \$0.24</p> <p>iii) 12,000,000 exercisable at \$0.28</p> <p>iv) 11,000,000 exercisable at \$0.32</p> <p>(a) If the Company makes an issue of equity securities (or a series of consecutive issuances of equity securities in any period not exceeding 12 months) and the diluted amount of those equity securities (in aggregate) exceeds 15% of the number of Company shares on issue immediately before the announcement of the issue or first issuance:</p> <p>i) the Adjusted Price; or</p> <p>ii) in the case of a series of issuances, the volume weighted Adjusted Price in relation to those issuances.</p> <p>The Adjusted Price is the price calculated in accordance with the following formula: <math>(A + B) / C</math>, where:</p> <p>A = market capitalisation of the Issuer on the trading day prior to the announcement of the issue of equity securities;</p> <p>B = the number of equity securities the subject of the issue multiplied by their issue price; and</p> <p>C = the number of Shares on immediately before the announcement of the issue of equity securities plus the diluted amount of the issued equity securities issue</p> <p>The Warrant Price Adjustment mechanism does not apply to equity issuances above the Exercise Price.</p> <p>The Warrants may be exercised during the period commencing on the date of the issue of the Warrant and expiring at 5.00pm AEST on the date that is 7 days prior to the Repayment Date.</p>
11.	Other terms including Defaults, Representations and Warranties	Customary events of default, representations, warranties, and indemnities.
12	Conditions Precedent	<p>The Facility will be subject to various conditions including:</p> <ul style="list-style-type: none"> <li>Definitive documentation being finalised subject to the satisfaction of the parties.</li> <li>Receiving any necessary shareholder approvals for the capital raising and the issue of Warrants.</li> </ul>

# Convertible Note Term Sheet Summary

# Convertible Note Facility term sheet summary



The Company has entered into Term Sheets with Altor Capital Management and Regal Funds Management (Investors) under which the Investors makes available to the Company a convertible note facility (Convertible Note Facility) the terms of which may be summarised as follows:

Facility Terms		
1.	Facility Amount	\$5,000,000 by the issue of up to 5,000,000 convertible notes (Notes) with a face value of \$1.00 each
2.	Purpose	The issue of the Notes in connection with a proposed equity raising will be used to partially fund the Company's equity contribution to the Kentucky Joint Venture.
3.	Maturity Date of Notes	36 months from the date of issue.
4.	Face Value of Notes	A\$1.00 per Note
5.	Ranking and Security of Note Facility	The Notes will be secured by second ranking general security interest over the assets of the Company and its subsidiaries. This security will rank behind any security given to Pure Asset Management Pty Limited (see the summary below in relation to the proposed Debt Facility).
6.	Interest Rate	The Notes bear interest from the date of issue at 9.5% per annum, due quarterly in arrears payable in additional notes or cash at the election of the Company.
7.	Drawdown	The Facility Amount will be made available in cleared funds on execution of binding facility documentation.
8.	Conversion	<p>Noteholders can convert all or a partial number of Notes at any time (after the initial 6 months post issue of the Notes) at a 20% discount to the 14-day VWAP.</p> <p>The number of shares issued will be calculated as follow if a Conversion Event occurs:</p> $S = (N \times V) / P$ <p>Where:</p> <p>S = the number of Shares in the Company into which each Note will convert</p> <p>N = number of Notes</p> <p>V = Face Value</p> <p>P = the lower of (a) the 14-day VWAP price at notice of Conversion x 80% or (b) the Valuation Ceiling. However, the price will not be any lower than the Valuation Floor.</p> <p>Valuation Ceiling:</p> <p>Valuation Ceiling: \$0.21 per share</p> <p>Valuation Floor:</p> <p>Valuation Floor: \$0.12 per share.</p>

# Convertible Note Facility term sheet summary (cont'd)



Facility Terms		
9.	Valuation Ceiling and Floor Repricing	The Valuation Floor and Valuation Ceiling are subject to a repricing mechanism in the event that the Company raises equity or any other type of security which has an implied equity price per share of less than \$0.12 and \$0.21 respectively. This excludes the equity capital raise being completed in parallel with this Facility.
10.	Conversion Conditions Precedent	<p>The Notes at Maturity will mandatorily convert if the following events are met at Maturity:</p> <ol style="list-style-type: none"> <li>1. Trailing 12-month EBITDA of at least A\$12.0m. This will include both statutory EBITDA and normalised EBITDA.</li> <li>2. A minimum cash balance of \$3.0 million.</li> <li>3. No review event persisting as per clause 12.</li> </ol> <p>In the event, these conditions are not met at Maturity, the Company will have 3 months to meet these conditions or otherwise the Notes will be repaid by cash.</p>
11.	Covenants	<p>The Facility will have the following covenant associated with it, whereby any breach will result in Carbonxt having a 2-month cure period or otherwise Clause 20 will apply.</p> <ul style="list-style-type: none"> <li>• Minimum cash balance of A\$1,500,000.</li> <li>• Minimum cash balance and net working capital of A\$1,250,000.</li> </ul>
12.	Review Events	<p>Management will inform the Note Holders within 15 business days of the end of each financial quarter if following has occurred:</p> <p>FY23 Events</p> <ol style="list-style-type: none"> <li>1) H1: Gross Margin as released to the ASX of A\$3.0m.</li> <li>2) H2: Gross Margin as released to the ASX of A\$4.0m.</li> </ol> <p>FY24 Events</p> <ol style="list-style-type: none"> <li>1) H1: Gross Margin as released to the ASX of A\$6.0m.</li> <li>2) H2: Gross Margin as released to the ASX of A\$7.5m.</li> </ol> <p>FY25 Events</p> <ol style="list-style-type: none"> <li>1) H1: Gross Margin as released to the ASX of A\$8.0m.</li> <li>2) H2: Gross Margin as released to the ASX of A\$8.5m.</li> </ol> <p>Default interest will apply in addition to the Interest Rate until remedied or repaid.</p>

# Convertible Note term sheet summary (cont'd)



Facility Terms		
13.	Reporting of material information	The Company will give a general undertaking to provide all material information reasonably requested by the Investors.
14.	Transferability	The Notes are freely transferable, unless to a competitor.
15.	Reorganisation	The conversion price shall be subject to adjustments for standard dilutive events including subdivision, consolidation and re-classification, and bonus issues.
16.	Voting rights	None
17.	Default Interest Rate	In the event of default and/or breaching covenants, a 5% penalty rate will be applied in addition to the Interest Rate.
18.	Other terms including Defaults, Representations and Warranties	<p>Customary events of default including breaches of law, breaches of loan documentation, material disposals, cross defaults, change of control, trading suspension, insolvency/administration, material litigation, etc. but subject to reasonable cure period of 2 months. In the case of an Event of Default as a result of customary events of default listed above, the Facility is repayable immediately.</p> <p>In the case of an Event of Default as a result of covenant breaches, the Lenders will have the right, but not the obligation, to accelerate, the repayment of any outstanding principle of the Loan including accrued interest.</p> <p>Customary representations, warranties, and indemnities.</p>
19.	Conditions Precedent	<p>The Transaction will be subject to various conditions including:</p> <ul style="list-style-type: none"> <li>Definitive documentation being finalised subject to the satisfaction of the Lender.</li> <li>Definitive documentation for the extension of the Pure Asset Management senior facility</li> <li>Launching an equity capital raising of no less than A\$2.0 million.</li> <li>Receiving total commitments of A\$5 million under the Facility</li> <li>Receiving any necessary shareholder approvals for the capital raising and the issue of Notes.</li> </ul>

It is important to note that, notwithstanding the terms of the Note Facility Terms Sheet summarised above, it is possible that the facility is not obtained on the above terms (or at all). This may be for various reasons including the failure of the parties to agree final definitive terms or the Company's shareholders failing to approve the terms (to the extent that approval is required).

# Disclaimer



This presentation has been prepared by Carbonxt Group Limited ACN 097 247 464 ("**Carbonxt**") in relation to its entitlement offer ("**Offer**") of new shares in Carbonxt ("**New Shares**").

## **Summary information**

This Presentation prepared by Carbonxt, contains summary information about Carbonxt and its associated entities and their activities current as at the date of this presentation. The information in this presentation is of a general background nature and does not purport to include or summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Carbonxt's other announcements lodged with the Australian Securities Exchange which are available on [www.asx.com.au](http://www.asx.com.au). This presentation is not and does not contain all of the information which would be required to be disclosed in a prospectus, product disclosure statement or any other offering document under Australian law or any other law (and will not be lodged with ASIC or any foreign regulator). Information about Carbonxt's activities are current as at the date of this presentation.

## **Not an offer**

This presentation is for information purposes only and is not a prospectus, product disclosure statement or other disclosure or offering document under Australian law or any other law. This presentation is not and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities (including shares in Carbonxt) or any other financial product and neither this presentation nor any of the information contained herein shall form the basis of any contract or commitment. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The securities referred to in this presentation have not been, and will not be, registered under the US Securities Act of 1993 ("**US Securities Act**") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States unless the securities have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws. The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions.

## **Not investment advice or a recommendation**

The information contained in the presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. Nothing in the presentation constitutes as investment or financial product advice, nor is it a recommendation to acquire any securities in Carbonxt. It is not intended to be used as the basis for making a financial decision, nor is it intended to constitute legal, tax, accounting or other advice. Any references to or explanations of legislation, regulatory issues, benefits or any other legal commentary (if any) are indicative only, do not summarise all relevant issues and are not intended to be a full explanation of a particular matter. Recipients of this presentation should make their own enquiries and investigations regarding any investment, and should seek their own professional advice on the legal, financial accounting, taxation and other consequences of investing in Carbonxt. Carbonxt is not licensed to provide investment or financial product advice in respect of Carbonxt's shares. Cooling off rights do not apply to the acquisition of new shares pursuant to the Offer.

## **Investment risk**

An investment in Carbonxt's securities is subject to known and unknown risks, some of which are beyond the control of Carbonxt, including, possible loss of income and principal invested. Carbonxt does not guarantee any particular rate of return or the performance of Carbonxt, nor does it guarantee any particular tax treatment. Investors should have regard to the risk factors outlined in this presentation when making their investment decision. Investors should have regard to (amongst other things) the risk factors outlined in this presentation when making their investment decision. See the "Key Risks" section of this presentation for certain risk relating to an investment in Carbonxt's securities.

## Past Performance

Past performance information contained in the presentation is given for illustration purposes only and should not be relied upon as (and is not) an indication of future performance. Actual results could differ materially from those referred to in the presentation.

## Forward Looking Statements

The presentation contains certain 'forward looking statements' and comments about future events. These statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Carbonxt to be materially different from future results, performance or achievements expressed or implied by those statements. Readers are cautioned not to place undue reliance on these forward looking statements.

This presentation contains such statements that are subject to risk factors associated with an investment in Carbonxt. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially. Forward-looking statements in this presentation include statements regarding the timing and outcome of Carbonxt's financing activities including the capital raising and statements regarding Carbonxt's future financial performance and results.

These statements reflect views only as of the date of the presentation. The actual results of Carbonxt may differ materially from the anticipated results, performance or achievement expressed, projected or implied by these forward looking statements. Subject to any obligations under the Corporations Act, Carbonxt disclaims any obligation to disseminate any updates or revision to any forward looking statement to reflect any change in expectations in relation to those statements or any change in circumstances, events or conditions on which any of those statements are based. Neither Carbonxt nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in the presentation will actually occur and you are cautioned not to place undue reliance on any forward looking statements.

## Future Performance

The presentation contains certain "forward-looking statements" including statements regarding Carbonxt's intent, belief or current expectations with respect to Carbonxt's business and operations, market conditions, results of operations, financial condition, and risk management practices. The words "likely", "expect", "aim", "should", "could", "may", "anticipate", "predict", "believe", "plan", "likely", "intend", "propose", "will", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. 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, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change. Forward looking statements include 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 Carbonxt.

## Disclaimers

No representation or warranty, express or implied, is made to the accuracy, adequacy or reliability of any statements, estimates or opinions or other information contained in this presentation. To the maximum extent permitted by law, Carbonxt, the Lead Manager, and each of their respective affiliates, subsidiaries and related bodies corporate, and the directors, officers, employees, partners, contractors and agents of each of them ("**Limited Party**"), disclaim all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through the use of or reliance on anything contained in or omitted from this presentation, including without limitation any liability arising out of fault or negligence for any direct, indirect, consequential or contingent loss or damage. None of the Limited Parties nor any independent third-party has reviewed the reasonableness of any forward looking statements in this presentation. Carbonxt does not represent or warrant that this presentation is complete or that it contains all material information about Carbonxt or which a prospective investor may require in evaluation an investment in Carbonxt. No recommendation is made as to how investors should make an investment decision. Investors must rely on their own investigations and examinations of Carbonxt and its securities, including, the merits and risks involved. Investors should consult with their own professional advisors in connection with any acquisition of securities. Carbonxt is under no obligation to update this presentation. The information in this presentation remains subject to change by Carbonxt without notice. Carbonxt reserves the right to withdraw or vary any timetable for the Offer without notice.

## 5 Important Information

### 5.1 Underwriting

The Company has entered into an underwriting agreement with MA Moelis Australia Advisory and Shaw and Partners Limited (**Underwriters**) who have agreed to partially underwrite the Entitlement Offer up to \$2.0 million (comprising a maximum of 14,285,714 New Shares) (**Underwritten Amount**), and on certain terms and conditions (**Underwriting Agreement**) which are summarised below:

#### (a) Underwriters

The Underwriters will be acting as lead managers, bookrunners and underwriters for the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer.

#### (b) Fees

The Company must pay the Underwriters:

- a management fee of 6.00% of the Institutional Entitlement Offer proceeds;
- an underwriting fee of 6% of the of the Underwritten Amount.
- a management fee of 3.00% of the Retail Entitlement Offer proceeds (less the Underwritten Amount); and

the Company must also pay or reimburse the Underwriters for costs they have incurred in respect of the 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 Underwriters, their affiliates and related bodies corporate (as that expression is defined in the Corporations Act), and their 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 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 Underwriters.

The Underwriters 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:

- the Underwriters form the view that there is:
  - a material misstatement or omission in this Retail Offer Booklet or other Entitlement Offer documents;
  - a material adverse change in the assets, liabilities, financial position or performance or forecasts of the Company;
  - 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;

- certain ASIC orders are issued or applied for, or certain investigations commence by ASIC in relation to the Entitlement Offer documents;
  - the Company withdraws an Entitlement Offer document or the Entitlement Offer or indicates that it is not going to proceed;
- the Company is prevented from allotting or issuing the New Shares or approval is not given for quoting the New Shares;
- 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
- 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:
  - hostilities not presently existing commence (whether or not war has been declared);
  - a major escalation in existing hostilities occurs (whether or not war has been declared);
  - a declaration is made of a national emergency or war;
  - 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
  - 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 Retail Offer Booklet**

This Retail Offer Booklet (including the Investor Presentation and the enclosed personalised Entitlement and Acceptance Form) has been prepared by CG1.

This Retail Offer Booklet is dated 5 August 2022.

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

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

## **5.3 Additional announcements**

There may be additional announcements made by CG1 after the date of this Retail Offer Booklet and throughout the period that the Retail 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](http://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 Retail 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 Retail 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 Retail Offer Booklet.

## **5.5 Status of Retail Offer Booklet**

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

Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC. This Retail Offer Booklet is not a prospectus under the Corporations Act and no prospectus for the Retail 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 Retail Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Retail Offer Booklet, the Investor Presentation and other announcements made available at [www.asx.com.au](http://www.asx.com.au).

This Retail Offer Booklet 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 Retail Offer Booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

## **5.6 Retail Offer Booklet availability**

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

Persons who access the electronic version of this Retail Offer Booklet should ensure that they download and read the entire Retail Offer Booklet. The electronic version of this Retail Offer Booklet on the ASX website and the CG1 Retail 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 Retail Entitlement Offer period.

This Retail Offer Booklet (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 Risks

The Investor Presentation included in section 4 of this Retail Offer Booklet details important factors and risks that could affect the financial and operating performance of CG1. You should refer to the "Key Risks" section in the Investor Presentation. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

## 5.8 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.

## 5.9 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 Retail Offer Booklet.

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.

## 5.10 Governing Law

This Retail Offer Booklet, the Retail 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.

## 5.11 Foreign Jurisdictions

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

The Entitlements and New Shares being offered under the Retail 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 Retail Offer Booklet 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 Retail Offer Booklet 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 Retail 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 Retail Offer Booklet, 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 Retail Offer Booklet 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 Retail Entitlement Offer 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 Retail 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.

#### **5.12 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 Retail Offer Booklet.

No entity (other than CG1) referred to in the Corporate Directory in section 7 of this Retail Offer Booklet, 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 Retail Offer Booklet and they do not take any responsibility for this Retail Offer Booklet or any action taken by you on the basis of such information contained in this Retail Offer Booklet. None of those persons has made or purports to make any statement in this Retail Offer Booklet and there is no statement in this Retail Offer Booklet 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 Retail Entitlement Offer and the information contained in this Retail Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

## 6 Glossary

**ABN** means Australian Business Number.

**Additional New Shares** has the meaning given in section 1.1 of the Retail Offer Booklet.

**Allocation Principles** has the meaning given in section 1.1 of the Retail Offer Booklet.

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

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

**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.

**CGT** means capital gains tax.

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

**Convertible Note Raise** means the term sheet signed with sophisticated and professional investors in relation to the \$5.0 million convertible note facility.

**Constitution** means the constitution of the Company.

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

**Debt Raise** means the term sheet signed with Pure Asset Management of the extension and increase in the debt facility by \$8.5 million.

**Directors** means the directors of CG1.

**Eligible Shareholders** has the meaning given in section 1.2 of the Retail Offer Booklet.

**Entitlement** means the number of New Shares for which an Eligible Shareholder is entitled to subscribe for under the Retail Entitlement Offer, being 1 New Share for every 4 existing Shares held at the Record Date.

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

**Entitlement Offer** means the Retail Entitlement Offer and Institutional Entitlement Offer.

**FMCA** means the *Financial Markets Conduct Act 2013*.

**GST** means goods and services tax.

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

**Ineligible Shareholders** has the meaning given in section 1.6 of this Retail Offer Booklet.

**Institutional Entitlement Offer** means the institutional and accelerated component of the Entitlement Offer that was successfully completed on 2 August 2022.

**Investor Presentation** means the CG1 Investor Presentation released to ASX on 29 July 2022 and included in section 4 of this Retail Offer Booklet.

**Joint Lead Managers** means Shaw and Partners Limited (ABN 24 003 221 583) and MA Moelis Australia Advisory Pty Ltd (ABN 72 142 008 446).



**Kentucky JV** means the 50% Joint Venture with KCP and CG1 to build a state-of-the-art, low emission activated carbon plant with 20,000 tons capacity in Kentucky, USA.

**Listing Rules** means the official listing rules of the ASX.

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

**Offer Price** means \$0.14 being the price payable per New Share under the Retail Entitlement Offer.

**Placement** has the meaning given in section 3.1 of this Retail Offer Booklet.

**Pure Asset Management** means PURE Asset Management Pty Ltd (ACN 616 178 771) in its capacity as trustee for The PURE Income and Growth Fund.

**Pure Loan Facility** means the debt facility agreement between Pure Asset Management and the Company in relation to the Debt Raise.

**Record Date** means 7:00pm (Sydney time) on 2 August 2022.

**Retail Entitlement Offer** means the pro rata non-renounceable Retail Entitlement Offer of up to 14,285,714 New Shares to Eligible Shareholders at the ratio of 1 New Share for every 4 existing Shares held at the Record Date at an Offer Price of \$0.14 per New Share.

**Retail Offer Booklet** means this Retail Offer Booklet in relation to the Retail Entitlement Offer, including the Investor Presentation in section 4 and the personalised Entitlement and Acceptance Form accompanying the Retail Offer Booklet.

**Share** means a fully paid ordinary share in CG1.

**Share Registry** means the register of members of CG1 maintained in accordance with the Corporations Act.

**Shareholder** means a holder of a Share.

**Shortfall Shares** has the meaning given in section 2.6 of the Retail Offer Booklet.

**TFN** means tax file number.

**Underwriters** has the meaning given in section 5.1 of the Retail Offer Booklet.

**Underwriting Agreement** has the meaning given in section 5.1 of the Retail Offer Booklet.

**Underwritten Amount** has the meaning given in section 5.1 of the Retail Offer Booklet.

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

## **7 Corporate Directory**

### **Carbonxt Limited (ACN 097 247 464)**

Level 12, 255 George Street  
Sydney NSW 2000

[www.cglimited.com.au](http://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

### **Joint Lead Manager - Shaw and Partners Limited (ABN 24 003 221 583)**

Level 15, 60 Castlereagh Street  
Sydney NSW 2000

### **Joint Lead Manager – MA Moelis Australia Advisory Pty Ltd (ABN 72 142 008 446)**

Level 27, 10 Carrington Street  
Sydney NSW 2000

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

Grosvenor Place  
Level 12, 225 George Street  
Sydney NSW 2000

[www.investorserve.com.au](http://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/>