ASX RELEASE **18 June 2018**

Manufacturing Plant Commissioned

- Black Birch powdered activated carbon (PAC) manufacturing plant now fully operational.
- Commissioning of the plant expected to increase gross margins in our existing business from 28% (1H18) to 40-45% in second half of FY2019.
- Arden Hills AC pellet plant in production to deliver pellets to ReACT customer.
- Surplus capacity at Arden Hills available for industrial pellet markets.
- First customer won in the industrial pellet sector and strong engagement with several more.
- Company remains on track to be profitable by 31 December 2018.

Black Birch facility commissioned

Carbonxt Group Ltd (ASX:CG1) is pleased to announce that its Black Birch manufacturing facility, based in Georgia, United States, is now commissioned, in line with the timing set out in the company's operational update of 16 May 2018.

The new plant has the capacity to produce up to 10,000 tons of PAC a year. The plant will initially produce PAC for existing customers (around 3,000 tons per annum) and volume will grow as new customers are acquired.

The new facility and the use of a new source of low cost raw materials will significantly reduce the cost of goods sold (COGS) and margins are expected to reach 40-45% in our existing business in the second half of FY2019, up from 28% in 1H18.

AC Pellets

The company's AC pellet production facility at Arden Hills, Minnesota has also been commissioned and is producing pellets under a long-term contract to supply the first ReACT power station in the US. Under this contract, Carbonxt will initially supply 1,000 tons in the first year, with the potential for this to grow to 2,000 tons in future years.

The Company has also secured its first customer for AC pellets in the industrial pellet sector, which is an exciting new market for the Company. Carbonxt is one of a handful of US based pellet manufacturers, with most supply currently being imported from Asia and facing significant potential risks such as "anti-dumping" penalties. The development of Carbonxt's AC pellet (patent pending) has significantly expanded the Company's target market, with the ability to secure further customers in the industrial market, albeit gross margins in our targeted industrial segment are currently lower than the existing business. AC Pellet gross margins are currently around 20-25%, but we expect them to grow as we fine tune the product and use lower cost raw materials. Our aim is to get to 40% by the end of FY19.

This new customer is in addition to the new contracts and contract extensions announced on 16 May 2018. The customer is expected to generate $400,000 in revenue over a twelve month period and will commence purchases immediately.

The company is also exploring the opportunity to export its pellets to ReACT power plants in markets outside of the US.

Customer trials continue to advance the sales pipeline, including several in the industrial pellet market. The Company remains on track to be profitable by 31 December 2018.

Carbonxt Managing Director, Warren Murphy, commented: “Opening of the Black Birch facility is a key milestone for the Company and enables us to significantly reduce our cost of goods sold and increase margins. The industrial pellet sector is a key target market for us, particularly for our new and unique AC pellet product, and we’re delighted to have secured our first contract in this sector.”

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About Carbonxt

Carbonxt (ASX:CG1) is a cleantech company that develops and markets specialised Activated Carbon (AC) products, primarily focused on the capture of mercury and sulphur in industrial processes that emit substantial amounts of harmful air 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. The Company was incorporated in 2001 and listed on the ASX in January 2018.