

Significant Contract Win in Industrial Pellets Sector

- **Large contract secured from new client in the industrial pellets sector**
- **Increasing demand for pellets with two additional new orders**
- **Pellet plant now being configured to supply these orders, starting next quarter**
- **Company on track to be cash flow positive in FY20**

Carbonxt Group Ltd (ASX:CG1) is pleased to announce that a letter of intent (LOI) has been signed for a large order of Activated Carbon Pellets ("ACP") for a new customer in the industrial pellets sector.

The contract will be for three years, with an estimated A\$3.2 million of ACP to be purchased per annum. The minimum commitment is for A\$1.4m per annum. The final contract is expected to be signed within a few weeks.

In addition to this LOI, two new ACP orders have been executed in the last month totalling an additional A\$0.75m in revenue and the pipeline of new opportunities continues to build.

Activated Carbon Pellets

ACP are created by extruding activated carbon into cylindrical shaped pellets with diameters ranging from 1-9 mm. Their high activity and surface area are ideal for vapour and liquid phase industrial applications, and the uniformity of the pellets' shape makes it useful.

The primary global market drivers for ACP use include:

- meeting emission limits on certain organic compounds;
- recovering solvents across a wide range of industrial applications; and,
- reducing nuisance odours from solid waste and wastewater operations.

ACP are used in a multitude of industrial applications to remove contaminants and includes commercial building/kitchen air filtration systems, LNG solvent recovery units, paint spray booths, air filters in gas masks and respirators, landfills, sewage plants and petroleum refining.

Our addressable market continues to expand as new opportunities are presented in markets not previously covered.

Operational update

The ACP will be supplied from our Arden Hills plant. These orders, coupled with the existing contract to supply 3,000 tons per annum of ACP to our existing client (power station company), will likely fill the capacity of this plant for the remainder of the calendar year.

We are confident that further capacity can be unlocked at this plant in due course as production efficiencies are realised over coming months. Should demand continue to grow at the current rate, the plant capacity at Arden Hills could be doubled with considerably less capex than the original build cost, unlocking significant economies of scale.

Seasonal fluctuations and temporary slower demand from our largest customer mean current Q1FY20 revenues will be similar to the last quarter, Q4FY19, before returning to growth in Q2FY20. We expect to report revenue growth for the rest of the financial year as we grow production into announced contract wins and other expected new customer orders.



Customer trials are advancing through the sales pipeline, which continues to grow as trials are added in new targeted sectors, especially in the industrial pellet market.

The Company remains on track to be cash flow positive in FY20.

Carbonxt Managing Director, Warren Murphy, commented:

“We are delighted to have secured such a significant opportunity. The industrial pellets sector is a key target market for us and our new client is growing strongly. We look forward to bringing our unparalleled service and development capabilities to this relationship and growing strongly with our customer”

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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.