ASX RELEASE **16 October 2018**

Dear Shareholder,

NON-RENOUNCEABLE RIGHTS ISSUE – NOTIFICATION TO INELIGIBLE SHAREHOLDERS

I am writing to you as the registered holder of shares in Carbonxt Group Limited (Carbonxt or the Company) with a registered address outside of Australia or New Zealand (**Ineligible Shareholder**).

On 15 October 2018, Carbonxt announced it is undertaking a non-renounceable rights issue (**Entitlement Offer**) of 1 fully paid ordinary share in Carbonxt (**New Shares**) for every 4 ordinary shares held at an issue price of $0.40 per New Share to raise up to approximately $7.3 million before costs of the Entitlement Offer. Fractional entitlements will be rounded up to the nearest number of whole New Shares.

The Entitlement Offer will be made by way of an offer document pursuant to section 708AA of the Corporations Act (**Offer Booklet**), meaning that Carbonxt will not issue a prospectus for the Entitlement Offer.

The maximum number of New Shares to be issued under the Entitlement Offer is approximately 18.4 million (subject to the effect of rounding) which would raise approximately $7.3 million and would result in total issued shares in Carbonxt of 99,494,836 (if the Entitlement Offer is fully subscribed and subject to the effect of rounding). (Note that the final shares on issue include approximately 7.5 million placement shares to be completed and to be issued on or before 22 October 2018). The Entitlement Offer Lead Manager is Shaw and Partners Limited and the Entitlement Offer is not underwritten.

The proceeds from the Entitlement Offer will be used by Carbonxt to fund capital expenditure and working capital to expand the Company's production capacity in the activated carbon pellet (ACP) market. Carbonxt is one of only a handful of US manufacturers of ACP at a time when demand is significantly increasing due to uncertainty caused by trade tariffs on imported product.

The Entitlement Offer is open to all eligible shareholders (**Eligible Shareholders**) who:

- are registered as a holder of shares in Carbonxt as at 7:00pm (Sydney time) on Thursday 18 October 2018 (**Record Date**);
- have a registered address in Australia or New Zealand;
- are not in the United States and are not a US person or acting for the account of or on behalf of a person in the United States or a US person; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

The entitlements under the Entitlement Offer (**Entitlements**) are non-renounceable, which means that Eligible Shareholders do not have the right to sell their Entitlements. New Shares will be fully paid and will rank equally with Carbonxt's existing issued fully paid ordinary shares.

If your registered address remains the same on Thursday 18 October 2018 at 7.00pm (Sydney time) (**Record Date**), you will not be eligible to participate in the Entitlement Offer.

The restrictions upon eligibility to participate in the Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to Carbonxt of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of shares they hold and the relatively low value of New Shares to which they would otherwise be entitled.

Carbonxt has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make offers to shareholders in certain countries under the Entitlement Offer.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, Carbonxt wishes to advise you that it will not be able to extend the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer.

Timetable

The indicative timetable for the Entitlement Offer is as follows:

Event	**Date**
Trading Halt and bookbuild opens	Thursday, 11 October 2018
Bookbuild closes	Friday, 12 October 2018
Trading Halt lifted and announcement of results of Placement and intention to undertake Entitlement Offer	Monday, 15 October 2018
Offer Booklet lodged with ASX	Monday, 15 October 2018
Notice to Shareholders	Tuesday, 16 October 2018
Ex-entitlement date	Wednesday, 17 October 2018
Record Date	7pm, Thursday 18 October 2018
Allotment of shares under the Placement	Monday, 22 October 2018
Offer Booklet and Entitlement and Acceptance Forms despatched	Monday, 22 October 2018
Entitlement Offer opens	Monday, 22 October 2018
Entitlement Offer closes	5pm, Wednesday 31 October 2018
Notification to ASX of under subscriptions	Thursday, 1 November 2018
Issue of New Shares under the Entitlement Offer	Wednesday, 7 November 2018
Trading of New Shares issued under the Entitlement Offer expected to commence on ASX	Thursday, 8 November 2018
Holding Statements sent to Shareholders	Thursday, 8 November 2018

All dates and times are indicative only and subject to change at the discretion of the Carbonxt.

The Offer is not subject to shareholder approval and Carbonxt has not previously obtained shareholder approval under ASX Listing Rule 7.1A.

For your information only, details regarding the Offer are set out in the Offer Booklet which Carbonxt lodged with ASX on 15 October 2018.

On behalf of the Board of Carbonxt, we thank you for your continued support.

Yours Sincerely



Tom Bloomfield
Company Secretary