



16 October 2018

Dear Shareholder,

## NON-RENOUNCEABLE RIGHTS ISSUE

On 15 October 2018, Carbonxt Group Limited (Carbonxt or the Company) 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. Instead, the Offer Booklet will detail the terms of the Entitlement Offer and will be sent to Eligible Shareholders on or about Monday 22 October 2018, together with a personalised entitlement and acceptance form.

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 price payable on application for each New Share is \$0.40, representing a 23.1% discount to the last closing price of \$0.52 on 10 October 2018.

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.

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 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 Lead Manager is Shaw and Partners Limited and the Entitlement Offer is not underwritten.

## Directors' recommendation

The Directors support the raising and recommend to shareholders that they fully participate in 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 Carbonxt.

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

Further details regarding the Offer are set out in the Offer Booklet which Carbonxt lodged with ASX on 15 October 2018 and expects to despatch to the shareholders on 22 October 2018. Eligible Shareholders wishing to participate in the Offer should carefully read the Offer Booklet and the accompanying personalised entitlement and acceptance form.

On behalf of the Board of Carbonxt, we thank you for your continued support and invite you to consider the opportunity now offered with this Offer.

Yours Sincerely



Tom Bloomfield  
Company Secretary