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Carbonxt™

ADVANCED CARBON PRODUCTS

15 October 2018

Successful Completion of A$3.0 million Placement and Announcement of 1 for 4 Non-Renounceable Entitlement Offer

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This presentation has been prepared by Carbonxt Group Limited ACN 097 247 464 ("Carbonxt") in relation to its completed institutional placement ("Placement") and proposed non-renounceable pro-rata 1 for 4 entitlement offer ("Entitlement Offer") of new shares in Carbonxt ("New Shares") to raise approximately $6.5 million (being approximately $3.0 million under the placement and the intention to raise approximately $3.5 million under the entitlements offer[(1)]).

The Entitlement Offer will be made to all Eligible shareholders of Carbonxt, under section 708AA of the Corporations Act 2001 (Cth) ("Corporations Act") as notionally modified by the Australian Securities and Investments Commission ("ASIC") Legislative Instrument 2016/84 (together, the "Entitlement Offer").

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1) *If fully subscribed, the Entitlement Offer will raise up to approximately $7.3 million*

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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.

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Transaction Overview

- Rationale
  - Higher than expected demand for AC Pellet product – new capacity already being added to meet a portion of the anticipated demand; additional capex and working capital required
  - Significantly expanded addressable market – opportunity pipeline in AC Pellets of approximately US$20 million (A$26.9 million)(1) has considerably shorter sales cycle compared to pollution control
  - New facility expected to generate approximately A$13.3 million(2) of additional revenue at gross margins of at least 30% (nominal additional operating costs needed)
- Funding
  - Placement to institutional and sophisticated investors to raise approximately A$3.0 million (completed on Friday 12 October)
  - 1 for 4 Non-Renounceable Entitlement Offer to existing shareholders to raise approximately A$3.5 million(3)
- Intentions(4)
  - Extend AC Pellet capacity by building a new facility in Gainesville, and optimizing existing facilities – total capex of A$4.0 million
  - Increase working capital by A$2.0 million to meet current and expected demand, and
  - Costs of the Offer of approximately A$0.5 million
- Expected financial impact
  - Revenue in 1H19 tracking slightly above prospectus forecast of $8.2 million
  - EBITDA in 1H19 is expected to be in line with the previous half. This includes the unexpected production start-up costs at the Arden Hills facility incurred in the 1st quarter which are expected to have a one-off impact of approximately $1.0 million, with improvements being realised in the 2nd quarter
  - Significant further increase in revenue to be realised in 2H19, with growth trajectory expected to continue into FY20 once new AC Pellet facility fully operational

1) *Assumed AUD/USD 0.725*
2) *New plant capacity of 3,500 tons p.a.; midpoint of ASP of US$2,500-3,000/ton; AUD/USD 0.725*
3) *If fully subscribed, the Entitlement Offer will raise up to approximately $7.3 million*
4) *Funds raised from the Entitlement Offer above the expected A$3.5 million will be used to expand the new facility in Gainesville and further increase working capital.*

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Investment Summary

- ✓ **Higher than expected demand from new and existing customers** driving need for additional funding
- ✓ **Regulatory tail-winds and thriving US economy** driving customer growth and market opportunity in new markets
- ✓ **The only large-scale US manufacturer of AC Pellets** in general industrial use at a time of increasing tariffs and trade tensions (most AC pellets are imported from China), as well as a trend of US industrial companies bringing manufacturing back from offshore
- ✓ **Significant market opportunity** – US market of +US$300m in initial target markets and global markets opening up
- ✓ The **only non-brominated product** in the market for pollution control – providing a **key competitive advantage**
- ✓ **Long term contracted revenue** – typically 3-5 year contracts for pollution control markets. FY18 revenue up 68%
- ✓ **Gross margins** expanded to 23.6% in FY18, up from 18.6% in FY17. Expected to reach 40% by end of FY19.
- ✓ **Expected to be profitable** and cash flow positive by end of FY19

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Strategy & Outlook

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Key Products

PAC

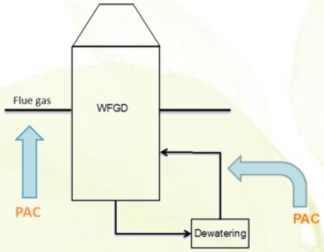
- US market size: ~206,000 metric tonnes in coal utilities; ~215,000 metric tonnes in water treatment and industrial applications by 2020[1]
- Core market at time of Prospectus
- Continuing to gain traction with new and existing customers, albeit with long sales cycle
- Key competitive advantage being only non-brominated solution for pollution control

AC Pellets

- Only large-scale US manufacturer (most AC pellets are imported from China)
- The Company believes it is the only supplier of AC Pellets (outside Japan) for use with ReACT technology
- Key advantage with current increasing trade tensions and tariffs
- Unquantified market opportunity; CG1 is aware of demand for ~US$20 million p.a. from engagement with limited number of potential customers
- Rapidly growing sales orders and pipeline of customers with shorter sales cycle

WetJect™

- Uses less PAC compared to existing processes due to more contact time.
- Helps industrial plants reduce emissions and achieve compliance limits.
- Higher sale price and higher margin than the air phase PAC product.
- Patented WFGD injection technology
- The Company estimates WFGD is installed in ~60% of US coal fired power stations



Carbonxt's growth strategy is underpinned by continuous R&D and innovation

1) *World Activated Carbon; Freedonia Focus Reports, World Collection; April 2016*

Proposed Gainesville AC Pellet facility

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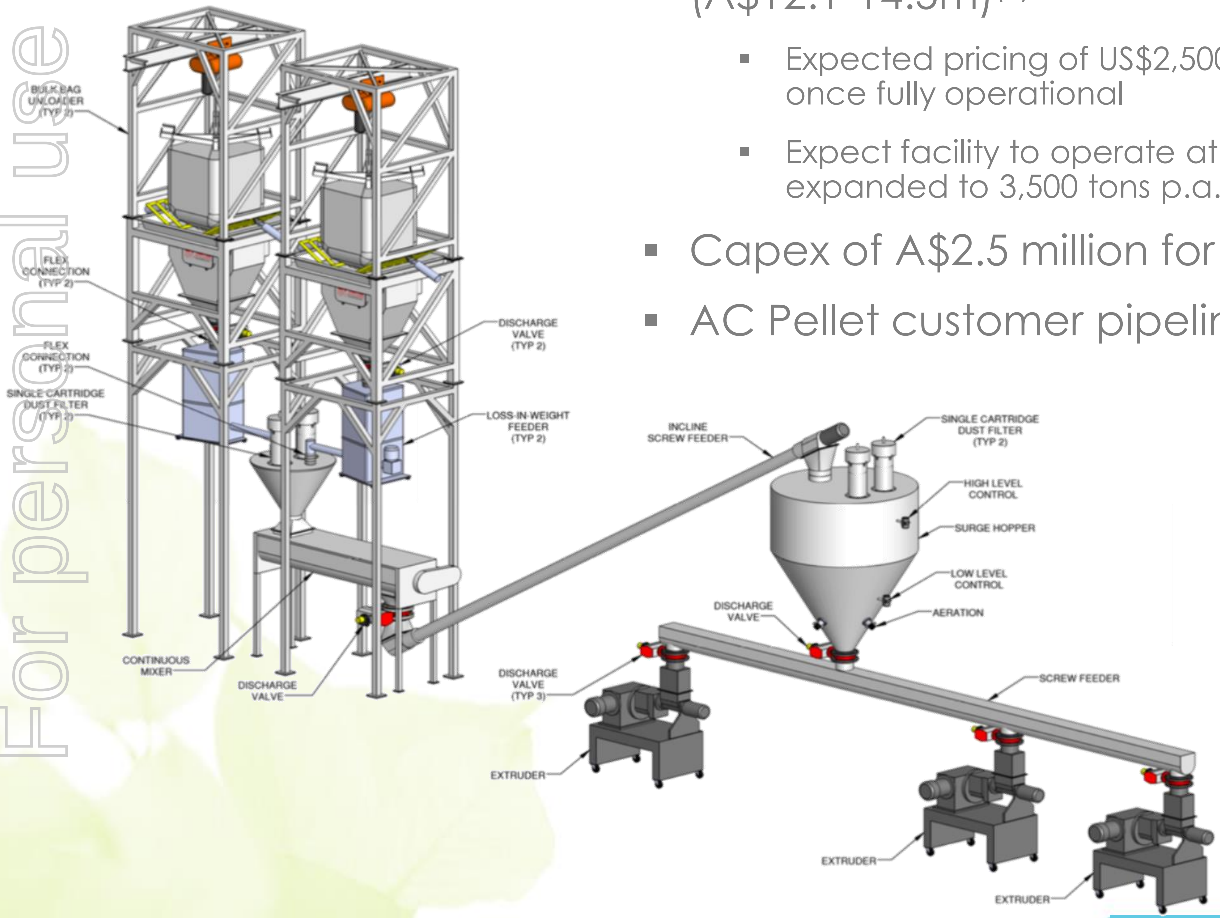
Facility design

- Proposed capacity of 3,500 tons p.a. equivalent to annual revenue of US$8.8m to US$10.5m per annum (A$12.1-14.5m)(1)
  - Expected pricing of US$2,500-$3,000 per ton and 30% gross margin once fully operational
  - Expect facility to operate at an initial capacity of 1,750 tons; to be expanded to 3,500 tons p.a. 3-6 months thereafter
- Capex of A$2.5 million for new facility
- AC Pellet customer pipeline of >7,000 tons p.a.



1) *New Gainesville plant capacity of 3,500 tons p.a.; ASP of US$2,500-3,000/ton*

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AC Pellet Pipeline

Customer	Indicative Demand (tons p.a.)	Meets Specifications
A	132	✓
B	1,000	✓
C	1,000	✓
D	1,500	Undergoing testing
E	2,500	✓
F	440	✓
G	TBD	Arranging testing
H	500	Arranging testing
Total	**7,082**	

- AC Pellet pipeline of >7,000 tons p.a. or US$17.7-21.2 million revenue (A$24.9-29.9 million[1])
  - Expected pricing of $2,500-$3,000 per ton
  - Targeting ~30% gross margins
  - First purchase order received for ~US$300,000
- Capital expenditure of A$4.0 million planned
  - Expand AC Pellet production capacity with new Gainesville facility (capex of A$2.5m)
  - Efficiency improvements at Black Birch and Arden Hills pellet facilities (capex of A$1.5m)
  - Future expansions to be funded by retained cash and future cash flows

1) *ASP of US$2,500-3,000/ton; Assumed AUD/USD 0.725*

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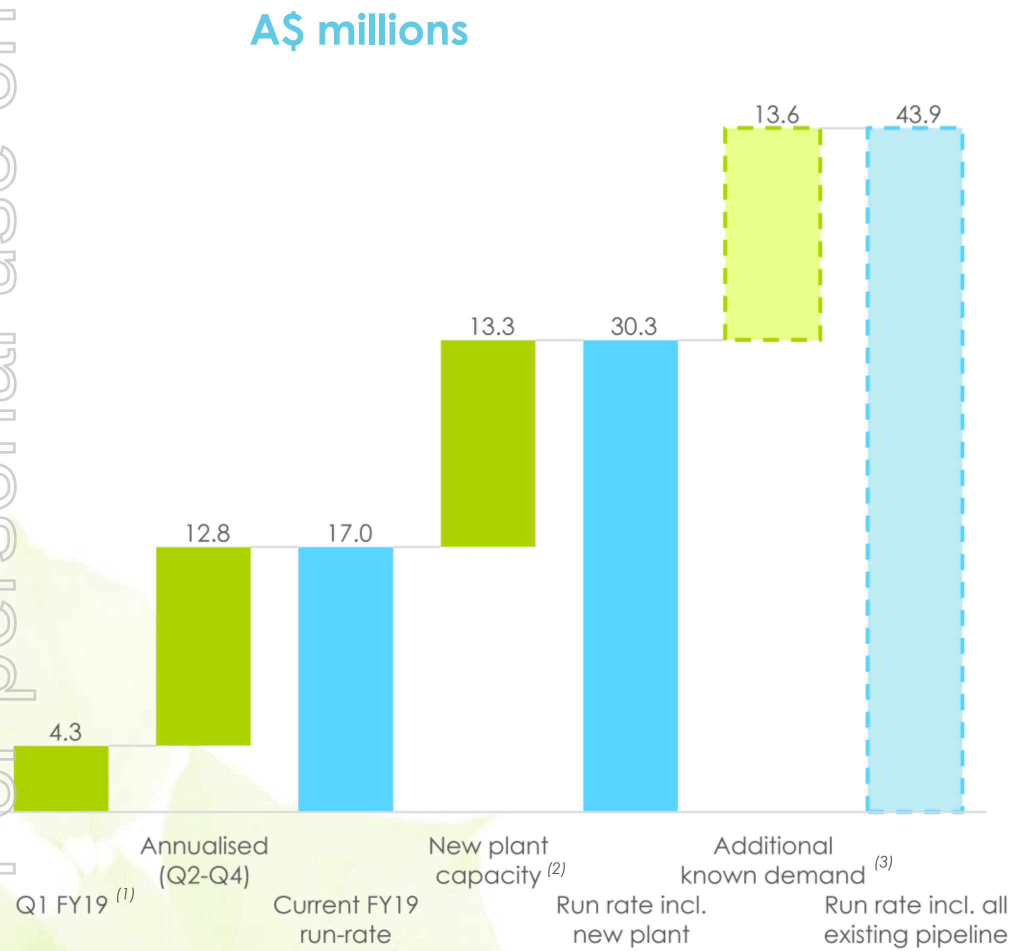
Revenue Opportunity



- Current quarter revenue run rate of A$17.0 million
  - Includes impact of start up issues of Arden Hills facility
  - Additional A$13.3 million revenue once new facility is built and operational[(2)]
- Targeting 40% gross margins
  - Run rate basis by end of FY19
  - Cheaper raw material source
  - Production efficiencies through plant optimization
  - FY18 GM of 23.6%
- Benefits of strong operating leverage with scale
  - Cash operating costs of A$5.3 million in FY18, expected to increase to A$7.0m in FY19 (excluding Arden Hills start up costs)

1) Majority long term contracts
2) New Gainesville plant capacity of 3,500 tons p.a.; ASP of US$2,500-3,000/ton; Assumed AUD/USD 0.725
3) Additional capacity would be required to satisfy the remaining 3,582 tons of the total pipeline of 7,082 tons p.a. – planned for calendar year 2019, and optimising Arden Hills facility will add capacity

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Supply Contract and Guidance Update

Product type	Prospectus (tons p.a.) as at IPO (Jan-18)	Current run rate (tons p.a.) Q1 FY19	Difference (%)
PAC in coal utilities (air phase and WFGD)	3,010	4,312	+43%
PAC in other applications (cement, water, other industrial)	-	652	nm
AC pellets	2,250	3,320	+48%
Total	**5,260**	**8,284**	**+57%**

- Revenue in 1H19 tracking slightly above prospectus forecast of $8.2 million
- EBITDA in 1H19 is expected to be in line with the previous half. This includes the unexpected production start-up costs at the Arden Hills facility incurred in the 1st quarter which are expected to have a one off impact of approximately $1.0 million, with improvements being realised in the 2nd quarter
- Significant further increase in revenue to be realised in 2H19, with growth trajectory expected to continue into FY20 once new AC Pellet facility fully operational

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Transaction

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Offer structure and terms

Pricing	Offer price of A$0.40 per New Share Discount of 23.1% to last close of A$0.52 on 10 October 2018 Discount of 26.3% to 10 trading day VWAP of A$0.54 up to and including 10 October 2018
Placement	Placement of approximately 7.5 million New Shares to sophisticated and professional investors
Entitlement Offer	A Non-renounceable 1:4 Entitlement Offer to all eligible existing shareholders
Ranking	The New Shares will rank equally with all existing CG1 shares
Lead Manager	Shaw and Partners is acting as Lead Manager to both the Placement and the Entitlement Offer

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Timetable

Monday, 15 October 2018	Entitlement Offer announced, Appendix 3B and Booklet lodged with ASX
Wednesday, 17 October	Ex-entitlement date
Thursday, 18 October 2018	Record Date to determine eligibility to participate in the Entitlement Offer
Monday, 22 October 2018	Entitlement Offer Opens Dispatch of Offer Booklet and Notice to Ineligible Shareholders
Wednesday, 31 October 2018	Entitlement Offer closes
Thursday, 1 November 2018	Notify ASX of undersubscriptions (if any)
Wednesday, 7 November 2018	Issue of New Shares under the Entitlement Offer
Thursday, 8 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

Timetable is indicative and subject to change

Risks

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Risks

New Production Facility	Carbonxt intends to construct a new AC pellet facility to meet additional customer demand. The facility is expected to be operational by 31 March 2019. Any delay or disruption to the expected commissioning date, or the supply chain will adversely affect the Company's ability to supply product to its customers and in turn will affect its financial performance. In addition, any unanticipated costs associated with the construction of the new facility may negatively impact the Company's financial performance and/or financial position.
Regulatory Risk	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 are due to 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.
Expected Financial Impact	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.
Competition Risk	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.
Ability to retain existing clients or attract new clients	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.
Intellectual Property Risk	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.
Reliance on Key Personnel	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.
Safety and Industrial Accidents	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.

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Risks

Brand Establishment and Maintenance	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.
Offshore Operations	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 the Company's business and financial condition.
Exchange Rate Risk	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.
Product liability and uninsured risks	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.
General Market Risks	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 future, these factors may cause Carbonxt shares to trade at or below their issue price.
Litigation	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.
Other Risks	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.

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