

Market Update on Xebec's Global Renewable Natural Gas Opportunity

MONTREAL, (QC), June 5, 2018 – Xebec Adsorption Inc. (TSXV: XBC) (“Xebec”), a global provider of gas purification solutions for the industrial, energy and renewables marketplace, has been tracking the biogas upgrading market, particularly as it relates to the commercial opportunity for the production of renewable natural gas (RNG). The company wishes to update shareholders on the state of the market and other opportunities Xebec is pursuing.

As previously announced, on May 16th Xebec signed a minimum purchase order commitment from Italy's Sapio Group for multiple biogas upgrading plants totaling approx. Euro 33 million (CDN\$ 51 million).

Italy could soon emerge as the largest biogas upgrading market in the world

The Italian Government recently identified the transportation sector as a primary end user for renewable natural gas (RNG) in the form of bio-CNG and bio-LNG. In March, the European Commission under EU State aid rules approved an Italian support scheme for the production and distribution of advanced biofuels, including advanced biomethane. Italy's Economic Development Ministry (MISE) then signed two new energy decrees which include measures to aid large gas consumers as well as incentives for biomethane in transport for Euro 4.7 billion (CDN\$7.4 billion). Within two weeks, Italy's Gas Operator, Snam, had received more than 500 requests from potential biomethane producers to connect their upcoming biomethane production sites to the existing gas grid, indicating a market size for biogas upgrading equipment in excess of CDN\$ 1.5 billion over the next 3 to 5 years.

France continues on its path to build in excess of 500 biogas upgrading facilities

At the end of 2017 France had approximately 40 operating biogas upgrading facilities of which Xebec held a 12% market share in number of units and a 47% market share in volume of renewable natural gas injected into the national French gas grid (GRDF).

The French Environment & Energy Management Agency (ADEME) anticipates that between 500 and 1,400 biogas upgrading facilities will be built by 2030, injecting between 12 and 30 TWh/year of renewable natural gas into the GRDF grid. This represents an investment of CDN\$ 1.0 to 2.8 billion. Xebec's position in the French market allows us to believe we could build market share to 20% within the next few years.

United States will see 200 to 300 Renewable Natural Gas (RNG) facilities

Dairy farmers in California are looking to monetizing their farm biogas. Due to a series of government regulations and incentives that have come into effect over the last decade, dairy farmers can now obtain up to USD\$ 75.00/MMBtu for their RNG.

Market participants expect to see 120 to 150 dairy farm biogas upgrading projects in the next 3 to 5 years, representing an investment in upgrading equipment of around USD\$ 500 to 700 million in California alone. Other States are also favouring the use of RNG, but project numbers are more difficult to estimate. Xebec believes, however, that there could be another 50 to 100 projects, bringing the U.S. market size for upgrading equipment to over USD\$ 1.0 billion. Xebec was the first company to deploy and demonstrate its ability to meet California's stringent Rule 30 requirements, and sees a tremendous upside for its technology solution with the U.S. opportunity.

Canada is an evolving RNG market

Canada has been slow in the deployment of biogas upgrading facilities but over the last 18 months the market has seen a significant shift from electricity towards RNG. Canadian gas utilities now offer a price for RNG between CDN\$ 9.00 to 30.00/MMBtu. Consequently, the market is seeing a re-definition of Waste-to-Energy where this no longer implies Waste-to-Electricity but Waste-to-Fuels, especially low carbon fuels. Close to 50 projects are ongoing with an approximate value in excess of CDN\$ 200 million.

The Canadian Biogas Association estimates that the market for biogas upgrading plants in Canada will have a total value of approximately CDN\$ 700 million, indicating about 250 to 300 installations over the coming years comprised of landfills, waste water treatment plants, municipal waste plants, and farm-based upgrading projects. Xebec, as the only major Canadian player in this field, is targeting a market share of 30%.

Conclusion

With close to 60 installations worldwide, Xebec is a leader in biogas equipment sales, service and support with its robust, low cost and fully automated systems. Moving forward, Xebec will focus on the countries identified above to become a major player in those target markets that represent a value of CDN\$ 2.5 to 3.0 billion for equipment sales, or 1,250 to 1,500 biogas upgrading installations. This market opportunity is similar to the one that existed for Waste-to-Electricity projects 15 to 20 years ago. Today Waste-to-Electricity can no longer compete with lower cost wind and solar projects; low carbon fuels are the next step in the global energy transition, especially in the Waste-to-Energy market.

Related links:

Watch the YouTube video to see the largest Xebec system in France on display: <https://youtu.be/UHWuq0Wrp9g>
http://europa.eu/rapid/press-release_IP-18-1441_en.htm
<https://www.platts.com/latest-news/agriculture/barcelona/italy-passes-biomethane-large-gas-user-decrees-26902859>
<https://www.platts.com/latest-news/natural-gas/barcelona/italys-snam-to-invest-eur52-billion-through-2021-26908724>
<http://www.grtgaz.com/en/solutions-for-the-future/energy-solutions-with-a-future/biomethane.html>
https://www.biogasassociation.ca/images/uploads/documents/2017/rng/RNG_Ontario_Outlook_Aug_2017.pdf
<https://www.nwga.org/nwga-rng-incentives-become-law-in-washington-state/>

For more information:

Xebec Adsorption Inc.

Sandi Murphy, Director, Investor Relations and Communications

+1 450.979.8718 smurphy@xebecinc.com

About Xebec Adsorption Inc.

Xebec Adsorption Inc. is a global provider of gas generation, purification and filtration solutions for the industrial, energy and renewables marketplace. Its customers range from small to multi-national corporations and governments looking to reduce their carbon footprints. Headquartered in Montreal (QC), Xebec designs, engineers and manufactures innovative and transformative products, and has more than 1,500 customers worldwide. With two manufacturing facilities in Montreal and Shanghai, as well as a sales and distribution network in North America, Europe, and Asia, Xebec trades on the TSX Venture Exchange under the symbol XBC. For additional information on the company, its products and services, visit Xebec at xebecinc.com.

Cautionary Statement

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. Certain statements in this press release may constitute "forward-looking" statements within the meaning of applicable securities laws. This forward looking information includes, but is not limited to, the expectations and/or claims of management of Xebec with respect to information regarding the business, operations and financial condition of Xebec. Forward-looking information contained in this press release involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Xebec or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. This list is not exhaustive of the factors that may affect forward-looking information contained in this press release. When used in this press release, such statements use such words as "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "will" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this presentation. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements.