



Offer Booklet

1 for 4 pro-rata non-renounceable Entitlement Offer of ordinary shares (**New Shares**) in Carbonxt Group Limited (**CG1**) at an offer price of \$0.40 per New Share

Offer closes at 5:00pm (Sydney time) on 31 October 2018

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This is an important document that requires your immediate attention. This document and the accompanying personalised Entitlement and Acceptance Form should be read in their entirety. This document is not a prospectus under the *Corporations Act 2001* (Cth) and has not been lodged with the Australian Securities and Investments Commission.

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser or call the CG1 Offer Information Line on 02 9290 9600 (within Australia) or +61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period.

Important Notices

Defined terms used in these important notices have the meaning given in this Offer Booklet.

This Offer Booklet is dated 22 October 2018.

The Entitlement Offer is made in accordance with section 708AA of the Corporations Act. This Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision.

The information in this Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Offer Booklet should be read in its entirety before you decide to participate in the Entitlement Offer. This Offer Booklet is not a prospectus or other disclosure document under the Corporations Act and has not been lodged with ASIC.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY® or cheque in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer set out in this Offer Booklet.

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Future performance and forward looking statements

This Offer Booklet contains forward looking statements and comments about future events, including CG1's expectations about the performance of its businesses and the effect of the funds raised under the Offer on that business. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements and include statements in this presentation regarding the conduct and outcome of the Entitlement Offer and the use of proceeds.

You are cautioned not to place undue reliance on any forward looking statement. While due care and attention has been used in the preparation of forward looking statements, forward looking statements, opinions and estimates provided in this Offer Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of CG1. A number of important factors could cause CG1's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including the risk factors described in the "Key Risks" section of the Investor Presentation. Actual results, performance or achievements may vary materially from any forward looking statements and the assumptions on which statements are based. CG1 disclaims any intent or obligation to update publicly any forward looking statements, whether as a result of new information, future events or results or otherwise.

The forward looking statements are based on information available to CG1 as at the date of this Offer Booklet. Except as required by law or regulation (including the Australian Securities Exchange (**ASX**) Listing Rules), CG1 undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance

Investors should note that the past performance of CG1, including past share price performance, provides no guarantee or guidance as to future performance, including CG1's future financial position or share price performance.

No overseas offering

This Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such offer or invitation. In particular, this Offer Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Offer Booklet is not to be distributed, and no offer of New Shares is to be made, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Booklet (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of CG1 with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Offer not made in the United States

This Offer Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. The New Shares offered in the Entitlement Offer have not been, and will not be, registered under the *U.S. Securities Act of 1933*, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold, directly or indirectly to, persons in the United States or persons who are acting for the account or benefit of a person in the United States unless they have been registered under the U.S. Securities Act (which CG1 has no obligation to do so or procure) or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. The New Shares to be offered and sold in the Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Offer Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Offer Booklet may not be relied upon as having been authorised by CG1 or any of its officers.

Risks

Refer to the "Key Risks" section of the Investor Presentation included in section 4 of this Offer Booklet for a summary of general and specific risk factors that may affect CG1.

Times and dates

Times and dates in this Offer Booklet are (except where historical) indicative only and subject to change. All times refer to Sydney, Australia time.

Currency

Unless otherwise stated, a reference to dollars (\$) or cents (¢) in this Offer Booklet is a reference to Australian currency.

Trading New Shares

CG1 will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade New Shares you believe will be issued to you before you receive your holding statement, whether on the basis of confirmation of the allocation provided by CG1 or the Share Registry or failure to maintain your updated details on the Share Registry or otherwise.

If you are in any doubts as to these matters, you should seek advice from your stockbroker, accountant or other independent professional adviser.

Contents

Important Notices.....	2
Chairman’s Letter.....	6
Summary of the Entitlement Offer	8
Key Dates for the Entitlement Offer.....	8
1 Overview of the Entitlement Offer	10
2 How to Apply.....	13
3 Australian Tax Implications	20
4 ASX Offer Announcements.....	23
5 Important Information	25
6 Glossary	28
7 Corporate directory	30

Chairman's Letter

22 October 2018

Dear Shareholder,

On behalf of Carbonxt Group Limited (**CG1**) I am pleased to invite you to participate in a recently announced 1 for 4 pro-rata non-renounceable entitlement offer of new fully paid ordinary shares in CG1 (**New Shares**) at an offer price of \$0.40 (**Offer Price**) per New Share (**Entitlement Offer**).

On 15 October 2018, CG1 announced a placement of 7.5 million Shares to sophisticated investors at an issue price of \$0.40 to raise \$3.0 million (**Placement**).

It is intended that the net proceeds raised from the Placement and Entitlement Offer will be used 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.

This information booklet (**Offer Booklet**) relates to the Entitlement Offer.

Details of the Entitlement Offer

This Offer Booklet sets out the terms of the Entitlement Offer.

Under the Entitlement Offer, eligible shareholders are entitled to subscribe for 1 New Share for every 4 existing fully paid ordinary shares in CG1 (**Entitlement**) held at 7:00pm (Sydney time) on Thursday, 18 October 2018 (**Record Date**), at the Offer Price of \$0.40 per New Share.

Subject to the terms of this Offer Booklet, Eligible Shareholders may also apply for New Shares in excess of their Entitlement. Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements. Subject to the foregoing, CG1 may apply any scale-back (in its absolute discretion).

The price at which Shares trade on ASX during the period prior to the close of the Entitlement Offer may go up or down and you should check the current trading price of Shares before making a decision in relation to your Entitlements.

The pro-rata nature of the Entitlement Offer favours existing CG1 shareholders in recognition of their continuing support, and provides an equitable mechanism for shareholders to maintain their level of ownership in CG1.

If fully subscribed, the Entitlement Offer will raise up to approximately \$7.3 million.

New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX, cannot be sold and are therefore not transferable. I encourage you to consider this offer carefully.

How to apply?

This Offer Booklet is important and requires your immediate attention. It is accompanied by your personalised Entitlement and Acceptance Form which contains details of your Entitlement as well as important information including:

- key dates for the Entitlement Offer;
- instructions on how to apply, setting out how to accept all or part of your Entitlement in the Entitlement Offer if you choose to do so; and
- the ASX Offer Announcements and Investor Presentation.

The Entitlement Offer closes at 5:00pm (Sydney time) on Wednesday, 31 October 2018. To participate, you need to ensure that you have completed your application by:

- paying Application Monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form so that your payment via BPAY® has been received by the Share Registry by 5:00pm (Sydney time) on Wednesday, 31 October 2018;

OR

- lodging your Entitlement and Acceptance Form, together with payment of Application Monies, by cheque, bank draft or money order so that it is received by the Share Registry by 5:00pm (Sydney time) on Wednesday, 31 October 2018.

Please refer to the instructions in section 2 of this Offer Booklet for further information.

If you do not wish to take up your Entitlement, you do not have to take any action.

Additional information

Further information on the Entitlement Offer is detailed in this Offer Booklet. You should read the entirety of this Offer Booklet carefully including the “Key Risks” section of the Investor Presentation released to ASX on 15 October 2018 before deciding whether to participate in the Entitlement Offer.

If you have any further questions about the Entitlement Offer, you should seek advice from your stockbroker, accountant or other independent professional adviser, or you can call the CG1 Offer Information Line on 02 9290 9600 (within Australia) or +61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period.

On behalf of the Board of Directors of CG1, I thank you for your ongoing support of CG1 and look forward to your participation in the Entitlement Offer.

Yours sincerely,

Matthew Quinn
Chairman
Carbonxt Group Limited

Summary of the Entitlement Offer

Entitlement Offer

Ratio	1 New Share for every 4 existing Shares
Top-Up Facility ()	Eligible Shareholders will have the opportunity to apply for additional New Shares above their Entitlement (Additional New Shares). The Company will seek to allocate the Shortfall in accordance with clause 1.4.
Offer Price	\$0.40 per New Share
Size	Approximately 18.4 million New Shares
Gross Proceeds	\$7.3 million

Key Dates for the Entitlement Offer

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

Note: The timetable above is indicative only and subject to change. CG1 reserves the right to amend any or all of these events, dates and times, without notice, subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), the ASX Listing Rules and other applicable laws. In particular, CG1 reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Entitlement Offer without prior notice. The commencement of

quotation of New Shares is subject to confirmation from ASX. All references in this Offer Booklet are to Sydney, Australia time.

CG1 also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to applicants.

The commencement and quotation of New Shares is subject to the discretion of ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

Enquiries

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call the CG1 Offer Information Line on 02 9290 9600 (within Australia) or +61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period.

1 Overview of the Entitlement Offer

1.1 Entitlement Offer

The Entitlement Offer is an offer of approximately 18.4 million New Shares at the Offer Price of \$0.40 per New Share. All Eligible Shareholders are entitled to subscribe for 1 New Share for every 4 existing Shares held at 7:00pm (Sydney time) on the Record Date.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be sold, transferred or otherwise disposed of.

Eligible Shareholders are invited to take up all or part of their Entitlement.

Eligible Shareholders may also apply for New Shares in excess of their Entitlement (**Additional New Shares**). Please note that Additional New Shares in excess of Entitlements will only be allocated to an Eligible Shareholder subject to CG1's absolute discretion having regard to the circumstances at the time of the close of the Entitlement Offer (**Allocation Principles**). Any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Shareholders who do not take up their full Entitlements. Subject to the foregoing, CG1 may apply any scale-back (in its absolute discretion).

The Entitlement Offer opens at 10:00am (Sydney time) on 22 October 2018 and closes at 5:00pm (Sydney time) on 31 October 2018. The Offer Booklet will be dispatched on 22 October 2018, along with a personalised Entitlement and Acceptance Form, to Eligible Shareholders.

New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The Entitlement Offer is not underwritten.

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied.

As a result, this offer is not being made under a prospectus and it is important for Eligible Shareholders to read and understand the information on CG1 and the Entitlement Offer made publicly available by CG1, prior to taking up all or part of their Entitlement. Please refer to section 4.

1.2 Who is eligible to participate in the Entitlement Offer?

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to subscribe for 1 New Share for every 4 existing Shares held as at the Record Date (7:00pm (Sydney time) on Thursday, 18 October 2018), at the Offer Price of \$0.40 per New Share. **Eligible Shareholders** are those Shareholders who:

- (a) are registered as a holder of Shares as at the Record Date, being 7:00pm (Sydney time) on Thursday, 18 October 2018;
- (b) as at the Record Date, have a registered address in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of such person in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

1.3 What is your Entitlement?

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 4 existing Shares you held as at the Record Date, being 7:00pm (Sydney time) on Thursday, 18 October 2018. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number. If you have more than

one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

1.4 **Shortfall**

If any Shortfall remains after the closing date, the Company will allocate the Shortfall according to the following priority:

- (a) to those Eligible Shareholders who elect to take up their full Entitlement and Additional New Shares in accordance with section 2.2; then
- (b) any other parties selected by the Directors in conjunction with the Lead Manager.

An application for any Additional New Shares does not guarantee the allotment of any Additional New Shares. The Company reserves the right to issue an applicant a lesser number of Additional New Shares than the number applied for or to reject an application for any Additional New Shares or not proceed with the issuing of the Additional New Shares or part thereof. If the number of Additional New Shares issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

Pursuant to Listing Rule 7.2 (exception 3), any allocation of the Shortfall to persons will not count towards the Company's 15% threshold under Listing Rule 7.1, provided that the Company makes the issue within three months after the close of the Entitlement Offer and the issue price is not less than the price at which the Shares were offered under the Entitlement Offer.

1.5 **No Entitlements Trading**

The Entitlement Offer is non-renounceable. Accordingly, your Entitlement cannot be traded on the ASX, nor can it be sold, transferred or otherwise disposed of.

1.6 **ASX quotation**

Subject to approval being granted, quotation of the New Shares is expected to commence on 8 November 2018 for New Shares issued under the Entitlement Offer.

Holding statements will be despatched in accordance with the Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk. CG1 disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by CG1 or the Share Registry or otherwise.

1.7 **Ineligible Shareholders**

All Shareholders who are not Eligible Shareholders are ineligible Shareholders (**Ineligible Shareholders**). Ineligible Shareholders will not be entitled to participate in the Entitlement Offer.

CG1 has determined that it would be unreasonable on this occasion to extend the Entitlement Offer to Ineligible Shareholders, having regard to the number of securities held by Ineligible Shareholders, the number and value of New Shares that they would be offered and the costs of complying with the legal and regulatory requirements which would apply to an offer of securities to Ineligible Shareholders in those places.

1.8 **Notice to nominees and Custodians**

Eligible Shareholders who hold Shares in the capacity of trustee, nominee or custodian (or in any other capacity) for a person that would not satisfy the criteria of an Eligible Shareholder cannot take up Entitlements on behalf of that person. CG1 is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. CG1 is not able to advise on foreign laws. CG1 reserves the right to reject any Application that it believes comes from a person who is not an Eligible Shareholder.

1.9 Effect of the Entitlement Offer

If all entitlements are accepted by shareholders to the full extent, then the Entitlement Offer will not result in any change to the control of CG1.

If all entitlements under the Entitlement Offer are not accepted to the full extent, then the shareholding interest of non-participating shareholders will be diluted.

The Entitlement Offer is not expected to have a material impact on the control of CG1. The CG1 directors do not expect any shareholder to hold more than 20% after completion of the Entitlement Offer.

1.10 Allocation policy and scale-back

If there are excess oversubscription applications, CG1 reserves the right to scale back applications for Additional New Shares in its absolute discretion.

In the event of a scale-back, the difference between the Application Monies received, and the number of Additional New Shares allocated to you multiplied by the offer price of \$0.40 will be refunded following allotment. No interest will be paid on any Application Monies received and returned.

2 How to Apply

2.1 What you may do – choices available

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call the CG1 Offer Information Line on 02 9290 9600 (within Australia) or +61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period. You should also refer to the “Key Risks” section of the Investor Presentation.

If you are an Eligible Shareholder, you may do any one of the following:

- take up all of your Entitlement and apply for Additional New Shares (see section 2.2 of this Offer Booklet);
- take up all of your Entitlement (see section 2.3 of this Offer Booklet);
- take up part of your Entitlement (see section 2.4 of this Offer Booklet); or
- do nothing and let your Entitlement lapse.

You should note that if you do not take up all of your Entitlement, your percentage shareholding in CG1 will be diluted.

CG1 reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the closing date of the Entitlement Offer of 5:00pm (Sydney time), 31 October 2018.

2.2 If you wish to take up all of your Entitlement and apply for Additional New Shares

If you decide to take up **all** of your Entitlement and apply for Additional New Shares and wish to pay by cheque, bank draft or money order you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- insert the number of Additional New Shares you wish to apply for where indicated on the personalised Entitlement and Acceptance Form;
- attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement plus any Additional New Shares applied for) to the form; and
- return the Entitlement and Acceptance Form together with payment to the Share Registry so that it is received by 5:00pm (Sydney time) on 31 October 2018.

If you wish to take up **all** of your Entitlement and apply for Additional New Shares, and you wish to pay by BPAY®, you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement plus any Additional New Shares applied for) so that it is received by 5:00pm (Sydney time) on 31 October 2018.

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

For further information on how you can pay for New Shares, please refer to section 2.7.

If you take up and pay for your Entitlement and Additional New Shares before the closing date of the Entitlement Offer of 5:00pm (Sydney time), 31 October 2018, you will be allotted your New Shares on 7 November 2018. An application for Additional New Shares accompanied by payment of Application Monies does not guarantee the allotment of any Additional New Shares. CG1’s decision on the number of New Shares and/or Additional New Shares allotted to you will be final.

2.3 If you wish to take up all of your Entitlement

If you decide to take up **all** of your Entitlement and you wish to pay by cheque, bank draft or money order you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) to the form; and
- return the Entitlement and Acceptance Form together with payment to the Share Registry so that it is received by 5:00pm (Sydney time) on 31 October 2018.

If you wish to take up **all** of your Entitlement and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) so that it is received by 5:00pm (Sydney time) on 31 October 2018.

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

For further information on how you can pay for New Shares, please refer to section 2.7.

If you take up and pay for your Entitlement before the closing date of the Entitlement Offer of 5:00pm (Sydney time), 31 October 2018, you will be allotted your New Shares on 7 November 2018. CG1's decision on the number of New Shares allotted to you will be final.

2.4 If you wish to take up part of your Entitlement

If you decide to take up **part** of your Entitlement and allow the balance to lapse, and you wish to pay by cheque, bank draft or money order you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form indicating the number of New Shares you wish to take up. This will be less than your Entitlement as specified on the Entitlement and Acceptance Form;
- attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself) to the form; and
- return the Entitlement and Acceptance Form to the Share Registry so that it is received by 5:00pm (Sydney time) on 31 October 2018.

If you wish to take up **part** of your Entitlement and allow the balance to lapse, and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself) so that it is received by 5:00pm (Sydney time) on 31 October.

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

For further information on how you can pay for New Shares, please refer to section 2.7.

If you take up and pay for part of your Entitlement before the closing date of the Entitlement Offer of 5:00pm (Sydney time) on 31 October 2018, you will be allotted your New Shares on 7 November 2018. CG1's decision on the number of New Shares allotted to you will be final.

2.5 **If you do not wish to take up your Entitlement**

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

2.6 **Consequences of not accepting all or part of your Entitlement**

If you do not accept all or part of your Entitlement in accordance with the instructions set out above, those New Shares for which you would have otherwise been entitled under the Entitlement Offer (including New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by the other Eligible Shareholders and other parties.

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement and you will not receive any value for your Entitlement. Your interest in CG1 will also be diluted.

2.7 **Payment**

(a) **General**

The Offer Price of \$0.40 per New Share accepted is payable on acceptance of your Entitlement. You can pay in the following ways:

- BPAY®; or
- cheque, bank draft or money order.

Cash payments will not be accepted. Receipts for payment will not be issued.

Application Monies received from Eligible Shareholders will be held in the CG1 Entitlement Offer Account solely for the purpose of holding the Application Monies.

CG1 reserves the right to cancel the Entitlement Offer at any time prior to the allocation of New Shares under the Entitlement Offer. If the Entitlement Offer is cancelled, all Application Monies will be refunded without interest. To the fullest extent permitted by law, each Eligible Shareholder agrees that any Application Monies paid by them to CG1 will not entitle them to any interest against CG1 and that any interest earned in respect of Application Monies will belong to CG1. This will be the case, whether or not all or none (if the Entitlement Offer is withdrawn) of the New Shares applied for by a person are issued to that person.

Any Application Monies received for more than your final allocation of New Shares will be refunded. No interest will be paid on any Application Monies received or refunded.

(b) **Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique reference number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your Entitlement and Acceptance Form.

If you have multiple holdings and receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings, please only use the Reference Number specific to the Entitlement on that Form. If you do not use the correct Reference Number specific to that holding, or inadvertently use the same Reference Number for more than one of your Entitlements, your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the statements on that personalised Entitlement and Acceptance Form; and
- you will be deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5:00pm (Sydney time) on 31 October 2018. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

(c) **Payment by cheque, bank draft or money order**

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.40 multiplied by the number of New Shares that you are applying for;
- in Australian currency drawn on an Australian branch of a financial institution; and
- payable to “Carbonxt Group Limited” and crossed “Not Negotiable”.

If you wish to pay by cheque, bank draft or money order, you must also complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it to the Share Registry accompanied by a cheque, bank draft or money order.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and you will be taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form).

Alternatively, your application will not be accepted.

2.8 **Mail delivery**

Shareholders who wish to pay via cheque, bank draft or money order should send their completed personalised Entitlement and Acceptance Form together with Application Monies to:

By mail:

Carbonxt Group Limited
C/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Or hand delivery to:

Carbonxt Group Limited
C/- Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000

2.9 Effect of Participating in Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, or otherwise applying to participate in the Entitlement Offer or exercising an Entitlement, you:

- (a) declare that:
 - (i) if you are an Eligible Shareholder, all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
 - (ii) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer; and
 - (iii) you were the registered holder(s) of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (b) authorise CG1 to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- (c) acknowledge that:
 - (i) once CG1 receives the Entitlement and Acceptance Form with the requisite Application Monies or your payment by BPAY®, you may not withdraw it except as allowed by law;
 - (ii) you have read and understood this Offer Booklet and the personalised Entitlement and Acceptance Form;
 - (iii) the information contained in this Offer Booklet is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
 - (iv) this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in CG1 and is given in the context of CG1's past and ongoing continuous and periodic disclosure announcements to ASX;
 - (v) the Investor Presentation contained in section 4 of this Offer Booklet contains a "Key Risks" section and that investments in CG1 are subject to risk;
 - (vi) none of CG1 or its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of CG1, nor do they guarantee the repayment of capital;
- (d) agree to:
 - (i) apply for, and be issued with up to, the number of New Shares that you apply for at the Offer Price of \$0.40 per New Share; and
 - (ii) be bound by the terms of this Offer Booklet and the provisions of CG1's constitution;
- (e) authorise CG1 to register you as the holder of New Shares and authorise CG1 and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instruction of the Share Registry by using the contact details set out in the personalised Entitlement and Acceptance Form;
- (f) represent and warrant that:
 - (i) the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Offer Booklet or making an application for New Shares; and

- (ii) you are an Eligible Shareholder.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY® or otherwise applying to participate in the Entitlement Offer, you will also be treated as:

- (a) having represented and warranted that:
 - (i) you are not in the United States and are not applying for New Shares on behalf of, or for the account or benefit of, a person in the United States;
 - (ii) you and each person on whose account you are acting are not engaged in the business of distributing securities;
 - (iii) you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer, including this Offer Booklet and the Entitlement and Acceptance Form, to any person that is in the United States or that is acting for the account or benefit of a person in the United States; and
- (b) acknowledging on your own behalf and on behalf of each person on whose account you are acting that:
 - (i) you are not in the United States and you are not acting for the account or benefit of a person in the United States;
 - (ii) you understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States;
 - (iii) you are subscribing for the New Shares outside the United States in an “offshore transaction” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with reliance on Regulation S under the U.S. Securities Act;
 - (iv) you have not and will not send this Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Entitlement Offer to any person in the United States or any other country outside Australia or New Zealand; and
 - (v) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

2.10 **Brokerage and stamp duty**

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement and apply for Additional New Shares. No stamp duty should be payable for subscribing for New Shares under the Entitlement Offer provided no person, either alone or with associated or related persons, obtains a 90% or more interest in CG1.

2.11 **Withdrawal of the Entitlement Offer**

Subject to applicable law, CG1 reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares, in which case CG1 will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

2.12 **Risks**

Eligible Shareholders should be aware that an investment in CG1 involves risks. The key risks identified by CG1 are set out in the Investor Presentation in section 4 but these are not an exhaustive list of the risks associated with an investment in CG1 shares.

2.13 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions, please contact the CG1 Offer Information Line on 02 9290 9600 (within Australia) or +61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

3 Australian Tax Implications

This section summarises the general Australian taxation implications of the Entitlement Offer for Australian resident Eligible Shareholders who hold their Shares on capital account for Australian income tax purposes.

These comments do not apply to:

- Eligible Shareholders who are not residents of Australia for tax purposes; or
- Eligible Shareholders who carry on a business of life insurance or hold their Shares on revenue account (rather than on capital account) or as trading stock for Australian income tax purposes; or
- an Entitlement issued in respect of Shares previously acquired under an employee share scheme; or
- Eligible Shareholders that are subject to the Taxation of Financial Arrangements provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in respect of their holding of existing Shares, New Shares or Entitlements.

These comments are general in nature. The tax implications of the Entitlement Offer will depend upon each Eligible Shareholder's specific circumstances. Accordingly, all Eligible Shareholders should seek their own independent taxation advice before reaching any conclusions as to the possible taxation consequences of the Entitlement Offer. Neither CG1, nor any of its officers, nor its taxation adviser, nor any other adviser to CG1, accepts any liability or responsibility in respect of any statement concerning the taxation consequences of the Entitlement Offer.

These comments do not address the taxation implications of the Entitlement Offer under the laws of any jurisdiction other than the laws of Australia. These comments are based on Australian law and administrative practice as at the time of issue of the Offer Booklet.

3.1 Income tax consequences of Entitlements

(a) Issue of Entitlements

The issue of an Entitlement should not result in an amount being included in the assessable income of an Eligible Shareholder.

(b) Exercise of Entitlements

The exercise of an Entitlement should not result in an amount being included in the assessable income of an Eligible Shareholder.

(c) Lapse of Entitlements

The lapse of an Entitlement should not result in an amount being included in the assessable income of an Eligible Shareholder.

3.2 Income tax consequences of New Shares

Eligible Shareholders who exercise their Entitlements will acquire New Shares on the date the New Shares are issued.

(a) Taxation of dividends on New Shares

Where dividends on a New Share are paid by CG1, those dividends will constitute assessable income of an Eligible Shareholder.

An Eligible Shareholder that is an individual or complying superannuation entity should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend. Such an Eligible Shareholder should be entitled to a tax offset equal to the franking credit attached to the dividend subject to satisfying the 'holding period' and 'related payment' rules (refer to comments below). The

tax offset can be applied to reduce the Eligible Shareholder's tax payable. Where the tax offset exceeds the Eligible Shareholder's tax payable, such Eligible Shareholder should be entitled to a refund equal to the excess tax offsets.

An Eligible Shareholder that is a company should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend. Such an Eligible Shareholder should be entitled to a tax offset equal to the franking credit attached to the dividend subject to satisfying the 'holding period' and 'related payment' rules (refer to comments below). Such an Eligible Shareholder should be entitled to a credit in its own franking account to the extent of the franking credits attached to the dividend received. Where the tax offset exceeds the Eligible Shareholder's tax payable, such an Eligible Shareholder should not be entitled to a refund, but the excess tax offset may be able to be converted into carry forward tax losses in certain circumstances.

An Eligible Shareholder who is a trustee (other than a trustee of a complying superannuation entity) or partnership should include the dividend in the net income of the trust or partnership in the year the dividend is paid, together with any franking credit attached to that dividend. A beneficiary or partner may be entitled to a tax offset in proportion to the respective beneficiary's or partner's share of the net income of the trust or partnership subject to satisfying the 'holding period' and 'related payment' rules (refer to comments below).

Where a dividend paid by CG1 is wholly or partly unfranked, the Eligible Shareholder should include the unfranked amount in their assessable income and there will be no tax offset entitlement.

(b) Holding period and related payments rules

In order to be eligible for the benefit of franking credits and tax offsets, an Eligible Shareholder must satisfy both the 'holding period' and 'related payment' rules. This broadly requires that an Eligible Shareholder holds the New Shares 'at risk' for more than 45 days continuously (not including the date of acquisition and disposal).

The holding period commences on the day after the Eligible Shareholder acquires the New Shares and ending on the 45th day after the New Shares become ex-dividend.

Any day on which an Eligible Shareholder has a materially diminished risk of loss or opportunity for gain in respect of the New Shares will not be counted as a day on which the Eligible Shareholder held the shares 'at risk'.

Where these rules are not satisfied, the Eligible Shareholder will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

The holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed A\$5,000.

The related payment rule applies where the Eligible Shareholder has made, or is under an obligation to make, a related payment in relation to a dividend paid by CG1. The related payment rule requires the Eligible Shareholder to have held the New Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after, the day the New Shares become ex-dividend.

(c) Disposal of New Shares

Eligible Shareholders should make a capital gain from the disposal of New Shares where the capital proceeds from the disposal are more than the cost base of the New Shares. Eligible Shareholders should make a capital loss from the disposal of New Shares where the capital proceeds from the disposal are less than the reduced cost base of the New Shares. The cost base and reduced cost base of the New Shares should initially be equal to the Offer Price paid by the Eligible Shareholder for the New Shares plus certain non-deductible incidental costs incurred in acquiring the New Shares (if any).

If an Eligible Shareholder is an individual, trust or complying superannuation fund and has held their New Shares for 12 months or more (excluding the date of acquisition and disposal) at the time of disposal, the Eligible Shareholder should be entitled to a CGT discount on the disposal of New Shares subject to satisfying other requirements. The applicable CGT discount is 50% for individuals and trustees and 33⅓% for complying superannuation funds. The CGT discount is not available to a company other than a company acting in the capacity of a trustee for an individual or superannuation fund.

If a capital loss arises on the disposal of New Shares, the capital loss can only be utilised to offset capital gains. The capital loss cannot be utilised to offset against other types of ordinary or statutory income. However, if the capital loss cannot be utilised in a particular income year it may be carried forward and utilised to offset capital gains in future income years, provided the applicable loss utilisation tests are satisfied.

(d) **Provision of TFN or ABN**

You are not required to provide your TFN or ABN to CG1.

However, CG1 may be required to withhold an amount at the top marginal tax rate plus Medicare levy from the payment of certain distributions to you on your Shares where you have not provided CG1 with your TFN, or in certain circumstances your ABN, or you have not notified CG1 that you are exempt from providing this information.

(e) **GST**

The taking up of the New Shares may be classified as a "financial supply" for Australian GST purposes. GST will not be payable in respect of amounts paid for the acquisition of the New Shares. Subject to certain requirements, there may be a restriction on the entitlement of GST registered Eligible Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition of New Shares.

(f) **Stamp Duty**

No stamp duty should be payable for subscribing for New Shares under the Entitlement Offer provided no person, either alone or with associated or related persons, obtains a 90% or more interest in CG1.

4 ASX Offer Announcements

Announcement of 15 October 2018 ([#])

Investor Presentation ([#])

5 Important Information

5.1 Responsibility for Offer Booklet

This Offer Booklet (including the ASX Offer Announcements and the enclosed personalised Entitlement and Acceptance Form) has been prepared by CG1.

This Offer Booklet is dated 22 October 2018.

No party other than CG1 has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet. Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by CG1, or its related bodies corporate in connection with the Entitlement Offer.

5.2 Additional announcements

There may be additional announcements made by CG1 after the date of this Offer Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by CG1 (by visiting the ASX website at www.asx.com.au) before submitting your application to take up your Entitlement.

5.3 Status of Offer Booklet

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus.

Neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC. This Offer Booklet is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in CG1. They do not contain all the information which would be required to be disclosed in a prospectus.

As a result, it is important for Eligible Shareholders to carefully read and understand the information on CG1 and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Offer Booklet, the Investor Presentation and other announcements made available at www.asx.com.au.

This Offer Booklet does not contain financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. CG1 is not licensed to provide financial product advice in respect of the New Shares. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Offer Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

5.4 Offer Booklet availability

Eligible Shareholders in Australia and New Zealand can obtain a copy of this Offer Booklet during the period of the Entitlement Offer by accessing the ASX website at www.asx.com.au. Persons who access the electronic version of this Offer Booklet should ensure that they download and read the entire Offer Booklet. The electronic version of this Offer Booklet on the ASX website will not include a personalised Entitlement and Acceptance Form.

A replacement personalised Entitlement and Acceptance Form can be requested by calling the CG1 Offer Information Line on 02 9290 9600 (within Australia) or +61 2 9290 9600 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Entitlement Offer period.

This Offer Booklet (including the accompanying personalised Entitlement and Acceptance Form) may not be distributed or released to, or relied upon by, persons in the United States or that are acting for the account or benefit of a person in the United States.

5.5 **Risks**

The Investor Presentation included in section 4 of this Offer Booklet details important factors and risks that could affect the financial and operating performance of CG1. You should refer to the "Key Risks" section in the Investor Presentation. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

5.6 **No Cooling Off**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been made.

5.7 **Privacy Statement**

If you complete an application for New Shares, you will be providing personal information to CG1 (directly or through the Share Registry). CG1 collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Share Registry at the relevant contact numbers set out in the Corporate Directory of this Offer Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the Entitlement and Acceptance Form is not provided, CG1 may not be able to accept or process your application.

5.8 **Governing Law**

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the applications pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

5.9 **Foreign Jurisdictions**

This Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia.

The Entitlements and New Shares being offered under the Entitlement Offer are being offered to shareholders with registered addresses in New Zealand in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. This Offer Booklet is not a product disclosure statement under the *Financial Markets Conduct Act 2013* (**FMCA**) or other similar offering or disclosure document under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the FMCA or any other relevant law in New Zealand. It does not contain all the information that a product disclosure document, under New Zealand law, is required to contain.

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares or otherwise permit the public offering of the New Shares in any jurisdiction other than Australia and New Zealand.

This Offer Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Shares offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States.

The New Shares to be offered and sold in the Entitlement Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

Any non-compliance with these restrictions may contravene applicable securities laws.

5.10 **Underwriting**

The Entitlement Offer is not underwritten.

5.11 **Disclaimer of Representations**

Except as required by law, and only to the extent so required, none of CG1, or any other person, warrants or guarantees the future performance of CG1 or any return on any investment made pursuant to this Offer Booklet.

No entity (other than CG1) referred to in the Corporate Directory in section 7 of this Offer Booklet, nor any of their respective related bodies corporate, nor any of their respective directors, officers, partners, employees, representatives or agents, have authorised or caused the issue of this Offer Booklet and they do not take any responsibility for this Offer Booklet or any action taken by you on the basis of such information contained in this Offer Booklet. None of those persons has made or purports to make any statement in this Offer Booklet and there is no statement in this Offer Booklet which is based on any statement by any of them. To the maximum extent permitted by law, each of those persons exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and the information contained in this Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

6 Glossary

ABN means Australian Business Number.

Application Monies means the amount received from an Eligible Shareholder in respect of their application for New Shares under the Entitlement Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it on which Shares are quoted.

ASX Offer Announcements means the ASX announcements reproduced in section 4 of the Offer Booklet, being the announcement to ASX on 15 October 2018 of the launch of the Entitlement Offer and the Investor Presentation dated 15 October 2018 .

CG1 means Carbonxt Limited ACN 097 247 464 or the Company.

CGT means capital gains tax.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Directors means the directors of CG1.

Eligible Shareholders has the meaning given in section 1.2 of the Offer Booklet.

Entitlement means the number of New Shares for which an Eligible Shareholder is entitled to subscribe for under the Entitlement Offer, being 1 New Share for every 4 existing Shares held at the Record Date.

Entitlement and Acceptance Form means the personalised form accompanying this Offer Booklet to be used to make an application in accordance with the instructions set out on that form.

Entitlement Offer means the pro rata non-renounceable Entitlement Offer of up to 18.4 million New Shares to Eligible Shareholders at the ratio of 1 New Share for every 4 existing Shares held at the Record Date at an Offer Price of \$0.40 per New Share.

GST means goods and services tax.

Ineligible Shareholders has the meaning given in section 1.7 of this Offer Booklet.

Investor Presentation means the CG1 Investor Presentation released to ASX on 15 October 2018 and included in section 4 of this Offer Booklet.

Listing Rules means the official listing rules of the ASX.

New Shares means the fully paid ordinary shares in CG1 offered under the Entitlement Offer (and where applicable any Additional New Shares).

Offer Booklet means this Offer Booklet in relation to the Entitlement Offer, including the ASX Offer Announcements reproduced in section 4 and the personalised Entitlement and Acceptance Form accompanying the Offer Booklet.

Offer Price means \$0.40 being the price payable per New Share under the Entitlement Offer.

Placement means the issue of 7.5 million Shares to sophisticated investors announced on 15 October 2018.

Record Date means 7:00pm (Sydney time) on 18 October 2018.

Share means a fully paid ordinary share in CG1.

Share Registry means Boardroom Pty Limited.

Shareholder means a holder of a Share.

Shortfall means the number of New Shares under the Entitlement Offer not validly applied for by Eligible Shareholders by the closing date

Top-Up Facility means the facility under which Eligible Shareholders (other than Directors and related parties of the Company) may apply for additional New Shares in excess of their Entitlement.

TFN means tax file number.

U.S. Securities Act means the *United States Securities Act 1933* (as amended).

7 Corporate directory

Carbonxt Group Limited (ACN 097 247 464)

Level 12, 255 George Street
Sydney NSW 2000

<https://www.carbonxt.com>

CG1 Offer Information Line

02 9290 9600 (within Australia)

+61 2 9290 9600 (outside Australia)

Open between 8:30am and 5:00pm (Sydney time) Monday to Friday

Lead Manager - Shaw and Partners Limited (ABN 24 003 221 583)

Level 15, 60 Castlereagh Street
Sydney NSW 2000

Share Registry – Boardroom Pty Limited (ABN 14 003 209 836)

Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000

www.investorserve.com.au

Australian legal adviser – Thomson Geer (ABN 21 442 367 363)

Level 25, 1 O'Connell Street
Sydney NSW 2000