ASX RELEASE **31 July 2019**

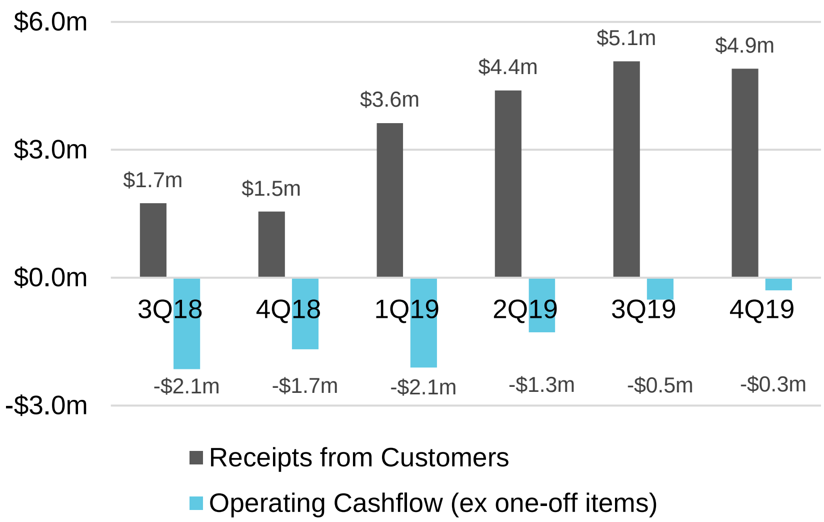
June 2019 Quarterly Update

Carbonxt Group Ltd (ASX:CG1) has released its Appendix 4C Report for the June 2019 quarter and provides the following update for the period. All numbers are in A$ and unaudited.

Revenue and Operating Cash Flow

- Cash Receipts of $4.9m were recorded in 4Q19, which equates to a 216% improvement on the same quarter last year (4Q18: $1.5m).
- Cash Receipts for the 12 months to June 2019 were $18.0m, which represents an improvement of more than 180% on the comparable period in 2018.
- During the quarter a large customer experienced an outage at one of their facilities which affected product shipments for almost a month.
- The quarter represented our third consecutive quarter of improved Operating Cashflow performance, with the loss from operations reduced to $0.3m, compared to a loss of $1.7m in the same quarter last year.
- The Company terminated the sales agreement with United Conveyor Corporation (UCC) by mutual agreement. UCC will continue to receive commissions for prior customers until 15 May 2020. For any future customers, UCC will forgo any sales commissions.
- Post quarter end, we have successfully acquired a new tier one customer, which we expect will generate annual revenues in excess of $1.0m.

Operating Cashflows (A$m)



Corporate Activities

During the quarter, the Company entered into a new finance facility with PURE Asset Management Pty Ltd and Skye Equity Pty Ltd to provide expansion funding and to redeem the existing $2.5m Convertible Note facility.

The new facility agreement for $5.5m, represented $3.0m of additional capital for expansion capex and working capital headroom to finance inventory and receivables from an expected increase in customer demand.

Summary and Financial Outlook

The Company continues to build momentum and make operational improvements.

During the quarter, we received multiple enquiries on both the powdered and pellet side of the business.

In our MATs business (powdered), there has been an increase in the number of utilities approaching us with bromine induced corrosion concerns and specifying our non-brominated Activated Carbon product for their plants. However, there is not yet premium pricing reflecting this benefit being achieved.

We have been approached by other industry participants in respect of collaboration options and have agreed to pursue the various opportunities further. There are no specific details to comment on at this time.

Carbonxt Managing Director, Warren Murphy, commented:

"We have been, and will continue to be, very focused on the operational performance of the business in order to bring costs down and improve operating cashflow. We are pleased with the progress we have made over the last twelve months. We are now in a position to also focus on the revenue opportunities that exist and look forward to updating the market at the appropriate time."