



ASX RELEASE

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Expansion of Activated Carbon Pellet Capacity

- Commercial Terms agreed for a new Activated Carbon Pellet (“ACP”) manufacturing company
- No capital contribution from Carbonxt
- Innovative commercial structure significantly reduces working capital requirements

Leading, innovative pollution control and cleantech company, Carbonxt Group Ltd (ASX:CG1) (“Carbonxt” or “the Company”) has reached a commercial agreement with a US manufacturing company, Kentucky Coal Processing, LLC (“KCP”), to produce high volume base industrial pellets.

An investment group is to build a specialty activated carbon plant, which is expected to be fully operational by 2Q FY22.

In essence the commercial agreement is a partnership to purchase pelletized activated carbon from a dedicated manufacturer whereby pellets are purchased at cost and the two companies split the margin from sales. This structure provides Carbonxt with an ACP at a lower production cost and with no need for third party materials that have proven to be a significant recent constraint on the Company.

This new venture will allow Carbonxt to focus its existing Arden Hills facility on developing, producing and selling more specialised pellet products with higher resultant margins.

ACP products typically sell for USD 2,500 to USD 3,500 per ton depending upon their industrial application and specification. Following the completion of the new facility, the Company will have the ability to target the market with 11,000 tons per annum of ACP.

Carbonxt is responsible for sales and will maintain customer relationships in the commercial agreement. The initial term is for 3 years with mutual renewal options. The final legal documentation is expected to be completed this month.

Carbonxt Managing Director, Warren Murphy, commented “we are delighted to be able to double our capacity and eliminate financial bottlenecks, as well as reducing inventory levels and freeing up further cash that have held back the growth of our industrial pellet business. This partnership will enable Carbonxt to focus on technology and marketing. The alliance also frees up capacity at the Arden Hills pellet facility and allows that facility to focus on fewer products with higher efficiencies with our current tolling relationship. We look forward to a long and successful relationship”.



This announcement has been authorised for release to ASX by the Board of Directors of Carbonxt Group Limited.

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About Carbonxt

Carbonxt (ASX:CG1) is a cleantech company that develops and manufactures environmental technologies that support air and water emission requirements and the removal of harmful pollutants. The Company's primary operations are in the US and include a significant R&D presence as well as manufacturing plants for activated carbon pellets and powder activated carbon. Carbonxt continues to expand its pellet product portfolio to address numerous industrial applications.