

Carbonxt Group Limited

ACN 097 247 464

Prospectus

For a non-renounceable pro-rata entitlement offer to Eligible Shareholders of one (1) Option to acquire a fully paid ordinary share in the Company (**Loyalty Option**) for every six (6) Shares held by Shareholders registered at 7.00pm (AEST) on 27 August 2025 (**Record Date**) at an issue price of \$0.01 and exercise price of \$0.07 per Loyalty Option (**Entitlement Offer**).

The Offer is fully underwritten by the Underwriter on the terms set out in Section 6.4.

The Offer closes at 5.00pm (AEST) on 10 September 2025 (unless extended).

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth). This document is important. Carefully read this Prospectus in full and consult your licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser if you are in any doubt as to what to do.

The Securities offered by this Prospectus should be considered highly speculative.

Important Information

This Prospectus is dated 22 August 2025 and a copy of this Prospectus was lodged with ASIC on that date.

Neither ASIC nor ASX takes any responsibility for the content of this Prospectus or the merits of the investment to which it relates.

This Prospectus is a "transaction specific" prospectus for an offer of options to acquire continuously quoted Shares and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain, amongst other things, information in relation to the effect of the issue of Securities on a company and the rights attaching to the Securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisors whom prospective investors may consult.

Expiry date

No Loyalty Options will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Loyalty Options offered pursuant to this Prospectus will be issued on the Terms of the Offer.

Representations

No person is authorised to give any information or make any representations in connection with the Offer other than as contained in this Prospectus. Any information or representation in connection with the Offer not contained in this Prospectus is not, and may not be relied on as having been, authorised by the Company (or any of its officers).

Forward looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, Directors and management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Prospectus.

Disclaimer

This Prospectus contains general information only, and does not take into account the individual investment objectives, financial situation or particular needs of any person. Nothing in this Prospectus should be construed as a recommendation by the Company or any other person concerning an investment in the Company. You should read the entire Prospectus and, in particular, in considering the prospects for the Company, you should consider the risk factors (for further information see Section 5) before deciding on your course of action that could affect the financial performance of the Company. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues), and if you are in any doubt as to what to do in relation to the Offer, you should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

Electronic Prospectus

This Prospectus may be viewed by Eligible Shareholders online at www.carbonxt.com.au. The website and its contents do not form part of this Prospectus and are not to be interpreted as part of, nor incorporated into, this Prospectus. Eligible Shareholders who receive the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus, or any of those documents were incomplete or altered.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Loyalty Options issued under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website (<https://www.carbonxt.com/>). By making an application under the Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

No cooling-off rights

Cooling-off rights do not apply to an investment in securities offered under this Prospectus. This means that, except where permitted by the Corporations Act, you cannot withdraw your Application once it has been accepted.

Ineligible Foreign Shareholders

This Prospectus, and any accompanying Application Form, do not, and is not intended to, constitute an offer of Loyalty Options in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Loyalty Options under the Offer.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. The Company believes that it is unreasonable to extend the Offer to any Shareholder with a registered address outside Australia or New Zealand.

For further information on Ineligible Foreign Shareholders, please refer to Section 2.7.

Defined terms and Glossary

Certain capitalised words and expressions used in this Prospectus are defined in the Glossary as set out in Section 7.

Financial amounts

Financial amounts in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Privacy

The Company collects information about each Applicant provided on an Application for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application, each Applicant agrees that the Company may use the information provided by that Applicant on that Application for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX, ASIC and other regulatory authorities.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company and the Share Registry holds about that person subject to certain exemptions under law. Access requests must be made in writing to the Company through the Share Registry.

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Important Dates and Key Offer Statistics

IMPORTANT DATES:

Event	Date
Announcement of Offers (prior to market open)	Friday, 22 August 2025
Lodgement of Prospectus with ASIC (prior to market open)	Friday, 22 August 2025
Lodgement of Prospectus and Appendix 3B with ASX (prior to market open)	Friday, 22 August 2025
Ex-date	Tuesday, 26 August 2025
Record Date for determining Entitlements (7:00pm AEST)	Wednesday, 27 August 2025
Prospectus and Application Form despatches to Eligible Shareholders	Monday, 1 September 2025
Opening date of the Entitlement Offer	Monday, 1 September 2025
Last date to extend the Closing Date (prior to 12:00pm AEST)	Friday, 5 September 2025
Closing Date of the Entitlement Offer (5:00pm AEST)	Wednesday, 10 September 2025
Announcement of results of Entitlement Offer	Monday, 15 September 2025
Issue date of Loyalty Options under Entitlement Offer	Wednesday, 17 September 2025
Lodgement of Appendix 2A with ASX (prior to 12:00pm AEST)	Wednesday, 17 September 2025
Expected date of Quotation of the Loyalty Options on ASX	Thursday, 18 September 2025
Issue of Shortfall Options under Shortfall Offer (if any)	Wednesday, 24 September 2025

Dates may change

The above dates are subject to change and are indicative only. The Company reserves the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants, subject to the Corporations Act, the Listing Rules and other applicable laws. The commencement of quotation of Loyalty Options is subject to the discretion of ASX. Quotation will be subject to confirmation by ASX that the requirements for quotation have been satisfied set out in Chapter 2 of the Listing Rules.

KEY OFFER DETAILS:

Loyalty Option Entitlement Ratio	One (1) Loyalty Option for every six (6) Shares held on the Record Date
Issue price of Loyalty Options	\$0.01
Exercise price of Loyalty Options	\$0.07
Expiry Date of Loyalty Options (5:00pm AEST)	on the date that is three (3) years from the date of issue

Number of Options on issue as at the date of this Prospectus	55,437,501
Maximum number of Loyalty Options to be issued under the Offer ¹	69,777,285
Total number of Options on issue after completion of the Offer ¹	125,214,787

NOTE 1: Assuming the Offer is fully subscribed and no other Shares or Options are issued between the date of this Prospectus and completion of the Offer.

QUESTIONS:

Please contact the Company Secretary on (02) 8072 8271 or cosec@sourceservices.com.au from 9.00am to 5.00pm (Sydney time) Monday to Friday, if you have any questions about this Prospectus. If you are in any doubt as to what to do in relation to the Offer, you should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

Chairman's Letter

22 August 2025

Dear Investor,

On behalf of the Directors of Carbonxt Group Limited (ACN 097 247 464) (ASX: CG1) (**Company**), I am pleased to announce that the Company is implementing a non-renounceable pro-rata entitlement offer (**Entitlement Offer**).

The offer is for one (1) Loyalty Option for every six (6) Shares held by Shareholders on the Record Date. The Loyalty Options are offered for an issue price of \$0.01 each with an exercise price of \$0.07 each. The Loyalty Options will be exercisable on or before 5.00pm (AEST) on the date that is three (3) years from the date of issue of the Loyalty Option. The full terms and conditions of the Loyalty Options are set out in Section 6.7 of this Prospectus.

This Prospectus also contains a Shortfall Offer of Shortfall Options to persons who are invited by the Directors to participate in the Shortfall Offer. Any Shortfall Options issued pursuant to the Shortfall Offer will be issued on the same terms and conditions as the Loyalty Options.

The Offer is fully underwritten by Chaleyser Holdings Pty Limited and sub-underwritten by the Sub Underwriters. Refer to Section 6.4 for a summary of the material terms and conditions of the Underwriting Agreement.

Participation in the Offer is entirely voluntary. If you decide to participate, you will receive Loyalty Options in accordance with the terms set out in this Prospectus. Alternatively, you may do nothing and thereby retain your current level of shareholding, however, your percentage shareholding in the Company may be diluted if the Loyalty Options are issued and subsequently exercised. The level of change in your percentage shareholding will depend on the take up of Entitlements and the number of Shortfall Options issued to the Underwriter. The details on how to submit your application for Loyalty Options are set out in Section 3.

The right to participate in the Offer is only available to investors who are registered as shareholders of fully paid ordinary shares in the Company at 7.00pm (AEST) on 27 August 2025 and have registered addresses in Australia or New Zealand.

The Entitlement Offer will open on 1 September 2025 and will close at 5.00pm (AEST) on 10 September 2025.

Please read this Prospectus (including the risk factors in Section 5) carefully and in its entirety. You should consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Directors, I invite you to consider this opportunity to increase your investment in the Company.

Yours sincerely



Matthew Driscoll
Chairman
Carbonxt Group Limited

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1 Investment Overview

The information in this Section 1 is a summary only and not intended to replace the Prospectus. It should be read in conjunction with the information in the remainder of this Prospectus.

1.1 Frequently asked questions

What is the Entitlement Offer?	This Prospectus is for a non-renounceable pro-rata entitlement offer to Eligible Shareholders of one (1) Loyalty Option for every six (6) Shares held at the Record Date at an issue price of \$0.01 per Loyalty Share. The Loyalty Options will have an exercise price of \$0.07 each and will expire at 5.00pm (AEST) on the date that is three (3) years from the date of issue of the Loyalty Option. The terms and rights attaching to the Loyalty Options are set out in Section 6.7.	Section 2.1 and 6.7						
What is the Shortfall Offer?	Any Loyalty Options not taken up pursuant to the Entitlement Offer (if any) (Shortfall Options) will form the Shortfall Offer. Separate application forms will be provided, together with this Prospectus, to persons who are invited by the Directors to participate in the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the Closing Date (or such shorter period as determined by the Directors). All Shortfall Options issued under the Shortfall Offer shall be issued on the same terms as the Loyalty Options.	Section 2.2						
Am I an Eligible Shareholder?	An Eligible Shareholder is a person who, at the Record Date, is recorded on the Register as holding Shares and has a registered address on the Register in Australia or New Zealand.	Section 2.6						
Is the Offer underwritten?	Yes, the Offer is fully underwritten by Chaley Holdings Pty Limited (Underwriter). The Offer is sub-underwritten by Phelbe Pty Ltd and Directors Matthew Driscoll, Warren Murphy, David Mazyck and Nicholas Andrews (together the Sub-Underwriters). For further detail on the underwriting and sub-underwriting please see Sections 2.3 and 2.4.	Sections 2.3 and 2.4						
What is the purpose of the Offer?	The purpose of the Offer is to: (a) reward Shareholders for continuing to support the Company; (b) provide the Company with a potential source of additional capital if the Loyalty Options are exercised; and (c) recognise the expected material increase in the Company's operations as a result of the successful commissioning of the new Activated Carbon manufacturing facility in Kentucky.	Section 4.1						
How will the funds be used?	The Company's present intention is to use the funds raised under the Offer (from payment of the Issue Price) as follows: <table border="1" data-bbox="443 1939 1145 2051"> <tr> <td>Expenses of the Offer (approx.)</td> <td>\$71,003.32</td> </tr> <tr> <td>Working capital</td> <td>\$626,768.68</td> </tr> <tr> <td>Total</td> <td>\$697,772.00</td> </tr> </table>	Expenses of the Offer (approx.)	\$71,003.32	Working capital	\$626,768.68	Total	\$697,772.00	Section 4.2
Expenses of the Offer (approx.)	\$71,003.32							
Working capital	\$626,768.68							
Total	\$697,772.00							

	<p>At this stage, the Company intends to apply funds raised from payment of the Exercise Price for retiring debt and general working capital purposes.</p> <p>There is no minimum amount sought to be raised by the Offer and the Loyalty Options may be issued in respect of Applications irrespective of the total level of subscriptions made. There is no guarantee that the Offer will raise an adequate or sufficient level of funds to enable the Company to achieve its stated objectives.</p>	
How do I participate in the Offers?	Eligible Shareholders can take up all of their Entitlement or some of their Entitlement with details of how to do so set out in Section 3. Eligible Shareholders can also allow their Entitlement to lapse by doing nothing. Failing to take up your Entitlements means that your shareholding will be diluted. Participation in the Offers is not compulsory.	Section 3
Can I transfer my right to participate in the Entitlement Offer?	No. The Entitlement Offer is non-renounceable and Eligible Shareholders' rights to Loyalty Options cannot be transferred.	Section 2.11
When does the Entitlement Offer open?	The Entitlement Offer opens on Monday, 1 September 2025.	Section 2.5
When does the Entitlement Offer close?	The Entitlement Offer closes on 5.00pm (AEST) on 10 September 2025. This date is indicative only and is subject to change.	Section 2.5
What effect will the Offer have on the control of the Company?	<p>The potential effect that the issue of Loyalty Options will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. The maximum number of Loyalty Options proposed to be issued under the Offers is 69,777,285. If all of these Loyalty Options are exercised, the Shares issued on exercise will constitute approximately 14.3% of the Shares on issue following completion of the Offers (assuming the Entitlement Offer is fully subscribed and no further Securities are issued).</p> <p>As the Entitlement Offer is fully underwritten and the Underwriter has arrangements with the Sub-underwriter, in the unlikely event that the only persons participating in the Offer, the effect on their interests in the Company is set out in Section 4.5(c).</p> <p>Further details on the effect on control on the Company are set out in Section 4.</p>	Section 4.
What are the tax implications of participating in the Offers?	Taxation implications will vary depending upon the specific circumstances of individual Shareholders. Investors should obtain their own professional advice as to the particular tax treatment that will apply to them.	Section 2.20
Are there any risks?	<p>The business, assets and operations of Carbonxt will be subject to certain risk factors that have the potential to influence the operating and financial performance of Carbonxt in the future. These risks can impact on the value of an investment in the Securities of the Company.</p> <p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which</p>	Section 5

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	<p>they can effectively be managed or mitigated may be limited.</p> <p>Please refer to Section 5 for an outline of the risks associated with an investment in the Company before deciding whether to apply for Securities pursuant to this Prospectus.</p>	
<p>Will there be any brokerage, commission or other fees payable by Eligible Shareholders?</p>	<p>No brokerage, commission or stamp duty is payable by Eligible Shareholders under the Offers.</p>	<p>Section 3.9</p>

You should read this Prospectus carefully and in its entirety, including Section 5, before deciding whether to apply for Loyalty Options. If you are in doubt as to the course you should follow, you should consult your licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser. The Securities offered by this Prospectus should be considered highly speculative.

2 Details of the Offer**2.1 Entitlement Offer**

The Company is making the Entitlement Offer which is a non-renounceable pro-rata offer of Loyalty Options to Eligible Shareholders on the basis of one (1) Loyalty Option for every six (6) Shares held at the Record Date at an issue price of \$0.01. Each Loyalty Option is exercisable at \$0.07 on or before 5.00pm (AEST) on the date that is three (3) years from the date of issue of the Loyalty Option.

Based on the capital structure of the Company as at the date of this Prospectus (and assuming no Shares are issued prior to the Record Date including on exercise or conversion of securities on issue) approximately 69,777,285 Loyalty Options will be issued.

If the Entitlement Offer is fully subscribed it will raise approximately \$697,772 before costs (from payment of the Issue Price, excluding any funds that may be raised from the exercise of Loyalty Options). In addition, if the maximum number of Loyalty Options are exercised, the Company will raise a further approximately \$4.88 million before costs.

The Loyalty Options will be issued on the terms and conditions set out in Section 6.7.

The purpose of the Offer is set out in Section 4.1 of this Prospectus.

2.2 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer (if any) will form the Shortfall Options under the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months from the Closing Date (or such shorter period as determined by the Directors). All Shortfall Options shall be issued on the same terms as the Loyalty Options being offered under the Entitlement Offer (including the Issue Price and Exercise Price).

The Shortfall Offer is only open to persons who have received an invitation from the Directors to apply for Shortfall Options pursuant to the Shortfall Offer. Separate application forms will be provided, together with a copy of this Prospectus, to persons who are invited by the Directors to participate in the Shortfall Offer.

The Directors may elect to cap the number of Shortfall Options that are to be allotted to Applicants under the Shortfall Offer, having regard to:

- (a) the number of Loyalty Options that an Applicant is entitled to subscribe for pursuant to its Entitlement (if any) relative to the number of Shortfall Options that it has applied for;
- (b) the number of Shortfall Options available for subscription; and
- (c) the number of Securities held by an Applicant after the completion of the Entitlement Offer.

The Directors otherwise reserve the right to issue Shortfall Options at their absolute discretion, subject to the above policy and any restrictions imposed by the Corporations Act and the Listing Rules. As such, there is no guarantee that Applicants under the Shortfall Offer will receive any Shortfall Options applied for under the Shortfall Offer. The Directors reserve the right to issue to an Applicant a lesser number of Shortfall Options than the number for which the Applicant applies, or to reject an Application for Shortfall Options, or to not proceed with placing the Shortfall Options. In that event, Application Payments will be refunded by the Company (without interest) in accordance with the provisions of the Corporations Act.

2.3 Underwriting of the Offer

The Loyalty Options are fully underwritten by Chaley Holdings Pty Ltd (**Underwriter**), under the terms and conditions of the Underwriting Agreement.

Subject to the terms of the Underwriting Agreement, if:

- (a) no applications are received for the Loyalty Options under the Offer, the Underwriter will be required to subscribe for the total amount of Loyalty Options offered under the Offer;
- (b) subscriptions are received for Loyalty Options under the Offer, the Underwriter may be required to subscribe for all Shortfall Options.

Please refer to Section 4.5(c) for details on the effect of control for the Underwriter and to Section 6.4 for further information in relation to the Underwriting Agreement.

2.4 Sub-underwriting

Under the Underwriting Agreement, the Underwriter may engage sub-underwriters to the Offer.

The Underwriter has entered into sub-underwriting agreements with:

- (a) Phelbe Pty Limited, a substantial shareholder of the Company;
- (b) Matthew Driscoll, a director of the Company and is therefore a related party of the Company;
- (c) Warren Murphy, a director of the Company and is therefore a related party of the Company;
- (d) David Mazyck, a director of the Company and is therefore a related party of the Company; and
- (e) Nicholas Andrews, a director of the Company and is therefore a related party of the Company.

(together, the **Sub-Underwriters**).

The Sub-Underwriters which are Directors have agreed to sub-underwrite up to 30,000,000 Loyalty Options of the Offer, being up to a maximum of \$300,000, in accordance with the terms of their respective sub-underwriting agreements (**Sub-Underwritten Amount**). The Sub-underwritten Amount comprises as follows:

Related party Sub-Underwriter	Sub-Underwritten Amount
Matthew Driscoll (Director)	\$100,000
Warren Murphy (Director)	\$100,000
David Mazyck (Director)	\$50,000
Nicholas Andrews (Director)	\$50,000

Please refer to Section 4.5 for further details on the effect on control of the Company. The maximum total shareholding of the related party Sub-Underwriters upon completion of the Offer assuming that each of the related party Sub-Underwriters receives its maximum sub-underwriting commitments are set out in the table in Section 4.5(c).

Please refer to Section 6.5 for further details in relation to the key terms of the agreements with each related party Sub-Underwriters.

2.5 Offer period

The Loyalty Offer will open on Monday, 1 September 2025.

The Entitlement Offer will close at 5:00pm (AEST) on Wednesday, 10 September 2025.

The Shortfall Offer will remain open after the Closing Date for up to 3 months from the Closing Date, unless closed earlier at the discretion of the Directors.

2.6 Eligible Shareholders

The Offer is offered only to registered holders of Shares at the Record Date, and only those Eligible Shareholders are offered an Entitlement.

Shareholders who were not recorded on the Register at the Record Date are not eligible to participate in the Offer.

An Eligible Shareholder is a person who, at the Record Date, is recorded on the Register as holding Shares and has a registered address on the Register in Australia or New Zealand.

2.7 Ineligible Foreign Shareholders

This Prospectus, and any accompanying Application Form, do not, and is not intended to, constitute an offer of Loyalty Options in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Loyalty Options under the Offer.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

The Company believes that it is unreasonable to extend the Offer to Ineligible Foreign Shareholders. The Company has formed this view having considered: the limited number of Ineligible Foreign Shareholders;

- (a) the number and value of the Loyalty Options that would be offered to those Shareholders; and
- (b) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders will not be entitled to participate in the Offer.

2.8 New Zealand offer restrictions

The Loyalty Options are not being offered to be sold to the public within New Zealand other than existing Shareholders with registered addresses in New Zealand at the Record Date. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority.

Warning statement

- (a) This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under the Corporations Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
- (b) This Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. How the offer must be is mainly governed the Corporations Act and the regulations made under the Corporations Act.
- (c) There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

- (d) The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
- (e) Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
- (f) The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
- (g) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

Additional warning statement: currency exchange risk

- (a) This Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
- (b) If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

Additional warning statement: trading on financial product market

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

2.9 Notice to nominees and custodians

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company 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. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

2.10 Rights attaching to Shares

Any new Shares issued on the exercise of Loyalty Options offered under the Entitlement Offer will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to Section 6.6 for further information regarding the rights and liabilities attaching to Shares.

2.11 No rights trading

The Entitlement Offer is non-renounceable, meaning that Entitlements cannot be traded on ASX, nor can they be sold, transferred or otherwise disposed of.

2.12 Minimum subscription

There is no minimum subscription for the Offers.

2.13 Withdrawal of Offers

The Company reserves the right not to proceed with the Offers at any time before the issue of Loyalty Options. If the Offers do not proceed, the Company will return all Application Payments, without interest, as soon as practical after giving notice of its withdrawal.

2.14 ASX Quotation

The Company intends to apply for Official Quotation of the Loyalty Options in accordance with the Listing Rules and the Corporations Act within seven days after the date of this Prospectus.

The Loyalty Options will only be admitted to Official Quotation if the quotation requirements under the Listing Rules are satisfied (including the minimum spread condition in Chapter 2 of the Listing Rules). In the event the quotation requirements are not satisfied or ASX does not otherwise grant Official Quotation of the Loyalty Options before the expiration of 3 months after the date of issue of this Prospectus, the Loyalty Options will remain on issue as unquoted Options.

The fact that ASX may grant Official Quotation to the Loyalty Options is not to be taken in any way as an indication of the merits of the Company or the Loyalty Options offered.

2.15 Issue of Loyalty Options

Allotment and issue of Loyalty Options will only be made once the Application Payments have been received and the ASX has granted permission for quotation of the Loyalty Options.

If such permission is granted, it is expected the Loyalty Options will be allotted pursuant to the Offer on 17 September 2025 and holding statements for such Loyalty Options will be despatched as soon as practicable after the issue.

If ASX does not grant Official Quotation of the Loyalty Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of this Prospectus (or such period as varied by ASIC), the Loyalty Options will remain on issue as unquoted Options.

It is the responsibility of Applicants to determine their allocation of Loyalty Options prior to trading in the Loyalty Options. Applicants who sell Loyalty Options before they receive their holding statement do so at their own risk.

2.16 CHES and issuer sponsorship

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of Loyalty Options. If an Applicant is broker sponsored, a CHES statement will be issued to that Applicant which sets out the number of Loyalty Options issued under this Prospectus, provides details of the Applicant's holder identification number and the participant identification number of the sponsor. If an Applicant is registered in the Company's issuer sponsored sub register, its statement will be despatched by the Share Registry and will contain the number of Loyalty Options issued to it under this Prospectus and its security holder reference number.

2.17 Rounding

As fractional entitlements will be rounded down to the nearest whole Loyalty Option, the exact number of Loyalty Options and resulting funding under the Offer have been rounded. Investors are cautioned not to rely on the accuracy of these numbers.

2.18 Privacy

Persons who apply for securities under this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry.

If an Applicant becomes a security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with relevant privacy laws. If an Applicant does not provide the

information required on the Application Form, the Company may not be able to accept or process their Application.

Under the Privacy Act, a person may request access to their personal information held by (or on behalf of) the Company or the Share Registry. An Applicant can request access to their personal information by writing to the Company through the Share Registry.

2.19 **Risks**

Investors should carefully read the risk factors in Section 5 of this Prospectus. An investment in Loyalty Options involves various risks, a number of which are specific to the Carbonxt and the industry in which it operates. An investment in Loyalty Options should be regarded as highly speculative.

2.20 **Taxation**

It is the responsibility of all investors to satisfy themselves of the particular tax consequences that apply to them in relation to the Offer, by consulting their own professional financial and taxation advisers. Neither the Company nor any of its officers, employees or agents, nor its taxation or other advisers accepts any liability or responsibility in respect of taxation consequences to an investor connected with the Offer.

2.21 **Professional advice**

If you are in any doubt as to what to do in relation to the Offer, you should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

3 How to participate in the Offer

3.1 Choices for Eligible Shareholders

If you are an Eligible Shareholder, an Application Form accompanies this Prospectus.

Your Entitlement to participate in the Entitlement Offer will be determined on the Record Date.

The number of Loyalty Options to which you are entitled as an Eligible Shareholder is shown on your accompanying Application Form. Acceptance of your Entitlement may be for any number of Loyalty Options.

Eligible Shareholders may:

- (a) take up their Entitlement in full (refer to Section 3.2);
- (b) take up part of their Entitlement and allow the balance to lapse (refer to Section 3.3); or
- (c) do nothing and allow their Entitlement to lapse (refer to Section 3.4).

Ineligible Shareholders may not take up any of their Entitlements.

If you are an Eligible Shareholder and did not receive your personalised Application Form, please call the Share Registry on 1300 737 760 (within Australia) or 02 9290 9600 (outside Australia).

3.2 Acceptance of all of your Entitlement

If you wish to take up all of your Entitlement, complete the accompanying Application Form for Loyalty Options in accordance with the instructions set out in that form.

You should then forward your completed Application Form together with your Application Payment in accordance with Section 3.6.

3.3 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the accompanying Application Form for the number of Loyalty Options you wish to take up in accordance with the instructions set out in that form.

You should then forward your completed Application Form together with your Application Payment in accordance with Section 3.6. If you take no further action, the balance of your Entitlement will lapse.

3.4 Allow all or part of your Entitlement to lapse

If you do not wish to take up all or any part of your Entitlement, you do not need to take any further action. If you take no action, your Entitlement will automatically lapse and your percentage shareholding in the Company may be diluted if the Loyalty Options are issued and subsequently exercised.

3.5 Closing Date

Your completed Application Form and Application Payment must reach the Share Registry no later than the Closing Date, which is currently 5.00pm (AEST) on 10 September 2025.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Closing Date. You must follow the instructions for BPAY set out in the Application Form

The Company reserves the right, subject to the Corporations Act, the Listing Rules and any requirements of the ASX, to accept late Applications or to extend the Closing Date without prior notice.

If the Closing Date is varied, subsequent dates may also be varied accordingly. Unless the Company decides to accept late Applications or extend the Closing Date, Applications received after 5.00pm (AEST) on 10 September 2025 be rejected and those Application Payments refunded without interest.

3.6 **Payment to accept the Offer**

(a) Pay by BPAY¹

If you wish to pay by BPAY, you do not need to return your Application Form. Refer to the section titled "Payment Instructions" on the Application Form for further details.

Payment must be received via BPAY before the Closing Date, which is currently 5.00pm (AEST) on Wednesday, 10 September 2025. By paying by BPAY you will be deemed to have completed an Application Form for the number of Loyalty Options that your Application Payment equates to.

Please make sure to use the specific Biller Code and unique Customer Reference Number on your Application Form. If you received more than one personalised Application Form, you will need to complete individual BPAY transactions using the "Customer Reference Number" specific to each individual personalised Application Form that you receive. If you are an Eligible Shareholder and you inadvertently use the same "Customer Reference Number" for more than one of your Entitlements, you will be deemed to have applied for only your Entitlement to which that "Customer Reference Number" applies.

(b) Pay by electronic funds transfer

Eligible Shareholders located in New Zealand may remit their Application Payment by electronic funds transfer. If you wish to pay by electronic funds transfer, you will need to contact the Share Registry on 1300 737 760 (within Australia) or 02 9290 9600 (outside Australia) for remittance advice.

Payment must be received via electronic funds transfer before the Closing Date, which is currently 5.00pm (AEST) on Wednesday, 10 September 2025.

(c) Pay by cheque

If you wish to pay by cheque, complete the accompanying Application Form in accordance with the instructions set out in the form. Cheques must be in Australian currency only, made payable to "Carbonxt Group Limited" and crossed "Not Negotiable". Applicants must not forward cash. Receipts for payment will not be issued.

The Application Form, together with Application Payment, should be sent by post using the enclosed reply paid envelope to the Share Registry, to arrive no later than the Closing Date, which is currently 5.00pm (AEST) on Wednesday, 10 September 2025.

(d) General

If you wish to make payment using an alternate method please call the Share Registry on 1300 737 760 (within Australia) or 02 9290 9600 (outside Australia) for assistance.

By either returning the Application Form with payment or making payment received by BPAY you provide authorisation to be registered as a holder of Loyalty Options subscribed for by you and agree to be bound by the Company's constitution and the Terms of the Offer.

¹ Registered to BPAY Pty Limited ABN 69 079 137 518 – Eligible Shareholders based in New Zealand cannot apply using Bpay unless they have an Australian bank account.

Application Forms and/or Application Payments received after the Closing Date may not be accepted, subject to the Directors' absolute discretion.

3.7 Application Form is binding

Receipt of Application Payment by BPAY, or of Application Payment by cheque / electronic funds transfer and a completed and lodged Application Form, constitutes a binding acceptance of the Offer of Loyalty Options on the Terms of the Offer and an acknowledgement by the Applicant that it has received and read this Prospectus, it has acted in accordance with the Terms of the Offer, and that it agrees to all of the Terms of the Offer.

Each Application, and Application Payment, cannot be withdrawn once they have been received by the Company.

The Application does not need to be signed to be binding. If an Application Form is not completed correctly or if there is a discrepancy between the Application Payment made and the Application Form submitted, the Company, in its absolute discretion, can reject the Application or treat it as valid, whether in whole or in part. The Company's decision as to whether to accept or reject an Application (in whole or in part) or how to interpret an incorrectly completed Application Form is final.

By completing and returning your personalised Application Form with the requisite Application Payment, you will also be deemed to have:

- (a) represented and warranted that you are an Eligible Shareholder, if your Application Form is in respect of the Offer;
- (b) represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus;
- (c) agree to be bound by the Terms of the Offer;
- (d) declare that all details and statements in the Application Form are complete and accurate;
- (e) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (f) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the Securities to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (g) declare that you are the current registered holder of Shares as at the Record Date and have a registered address in Australia or New Zealand or another country which permits the Company to make the Offers to you without the requirement to lodge any documents with your local regulatory authority;
- (h) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that the Loyalty Options are suitable for you given your investment objectives, financial situation or particular needs; and
- (i) acknowledge that the Loyalty Options offered under this Prospectus have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia.

3.8 Application Payment

All Application Payments received for the Loyalty Options will be held in a trust on behalf of the Company until the Loyalty Options are issued.

The Company is entitled to retain any interest paid on any Application Payments, whether or not allotment and issue of the Loyalty Options takes place. If quotation of the Loyalty Options is not granted by the ASX within the time required by law, no Loyalty Options will be allotted and

Application Payments will be refunded to Applicants without interest within the time prescribed under the Corporations Act.

3.9 **Brokerage, commission and stamp duty**

No brokerage, commission or stamp duty is payable by Applicants under the Offer.

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4 Purpose and effect of the Offer on the Company

4.1 Purpose of the Offer

The purpose of the Offer is to:

- (a) reward Shareholders for continuing to support the Company;
- (b) provide the Company with a potential source of additional capital if the Loyalty Options are exercised; and
- (c) recognise the expected material increase in the Company's operations as a result of the successful commissioning of the new Activated Carbon manufacturing facility in Kentucky.

4.2 Use of funds

If the Offer is fully subscribed, the Offer will raise approximately \$697,772 before costs (from payment of the Issue Price, excluding any funds that may be raised from the exercise of Loyalty Options).

If the Offer is fully subscribed, the Company's present intention is to use the funds raised under the Offer (from payment of the Issue Price) as follows:

Expenses of the Offer (approximately)	\$71,003.32
Working capital	\$626,768.68
Total	\$697,772.00

In addition, the Company will receive \$0.07 for each Loyalty Option exercised in the future. If the maximum number of Loyalty Options are exercised, the Company will raise an additional approximately \$4.88 million before costs. At this stage, the Company intends to apply funds raised from payment of the Exercise Price for retiring debt and for general working capital purposes.

The application of any funds from the exercise of Loyalty Options will depend on when Loyalty Options are exercised and the status of the Company's projects and requirements at the relevant time.

This is a statement of present intention only. The Company and the Directors reserve the right to change the way and the proportion in which funds are applied, particularly if the Offer is not fully subscribed or if not all of the Loyalty Options are exercised.

There is no minimum subscription under the Offer and no guarantee that the Offer will raise an adequate or sufficient level of funds to enable the Company to achieve its stated objectives. There is no certainty that any Loyalty Options will be exercised and the proportion exercised will depend on the Share price relative to the exercise price during the exercise period.

4.3 Effect on capital structure of the Company

The table below sets out the effect of the Offer on the capital structure of the Company, assuming that:

- (a) the Offer is fully subscribed; and
- (b) no other Shares or Options are issued between the date of this Prospectus and completion of the Offer.

	Options	Shares	Warrants	Convertible Notes
Existing at the date of this Prospectus	55,437,501 ¹	418,663,710	64,000,000	2,665,000
Maximum to be issued under the Offer	69,777,285	Nil	Nil	Nil
Total on issue at completion of the Entitlement Offer	125,214,787	418,663,710	64,000,000	2,665,000
Total on issue assuming 100% exercise of Loyalty Options	55,437,501 ¹	488,440,995	64,000,000	2,665,000

Notes:

1. 55,437,501 unquoted Options as at the date of this Prospectus comprising:
 - a) 23,207,919 Options exercisable at \$0.10 and expiring on 29 November 2026;
 - b) 13,250,000 Options exercisable for a nil amount and expiring on 20 October 2026;
 - c) 8,573,333 Options exercisable at \$0.10 each and expiring on 2 January 2027; and
 - d) 10,406,250 Options exercisable at \$0.10 each and expiring on 27 February 2027.

The Company's actual position on completion of the Offer may differ from the position illustrated in the pro-forma capital structure table above if the Offer is not fully subscribed.

If the Offer is not fully subscribed, fewer Loyalty Options will be issued (and, consequently, fewer Shares which could be issued on exercise of those Loyalty Options). After the Closing Date, the Company will announce to the ASX the actual number of Loyalty Options to be issued under the Offer.

4.4 Effect on shareholdings

(a) General

No immediate dilution will occur as a result of the issue of Loyalty Options under this Prospectus.

Shareholders should note that if they do not participate in the Loyalty Offer, their holding is likely to be diluted if the Loyalty Options are issued and subsequently exercised (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

The effect of the Offer on the control of the Company will depend upon a number of factors, including:

- (i) the level of Shareholder participation in the Offer;
- (ii) which Shareholders participate;
- (iii) the extent to which Loyalty Options are exercised; and
- (iv) the number of Shortfall Options issued to the Underwriter.

As the Loyalty Options do not confer any voting rights on their holders, the issue of the Loyalty Options under the Offer will, of itself, have no effect on the control of the Company. However, the issue of Shares on the exercise of the Loyalty Options could have an effect on the control of the Company.

If every Eligible Shareholder was to take up its full Entitlement and exercised its Loyalty Options at the same time, there would be a minimal effect on the control of the Company, as the Offer is made pro-rata.

(b) Substantial holdings

A “substantial holding” is defined under section 9 of the Corporations Act to mean a relevant interest in 5% or more of the voting shares in a company. Based on publicly available information as at the date of this Prospectus, the shareholders with a voting power in 5% or more of the Shares on issue (including relevant interests) are:

Shareholder	Shares	Voting power
Phelbe Pty Ltd	42,245,816	9.61%

Phelbe Pty Ltd is a Sub-Underwriter, please refer to section 4.5(c) below for further details on the potential effect of the Offer on its control of the Company.

(c) Illustration of dilutive effect

Shareholders who do not participate in the Offer are likely to have their holding diluted if the Loyalty Options are issued and subsequently exercised (as compared to their holdings and numbers of Shares on issue as at the date of this Prospectus). Examples of how the dilution from the Loyalty Offer may impact Shareholders are set out in the table below, assuming that:

- (i) each example Shareholder does not take up its Entitlement;
- (ii) each example Shareholder's Entitlement is subscribed for under the Shortfall Offer or by the Underwriter;
- (iii) the Offer is fully subscribed;
- (iv) no Options or warrants are exercised; and
- (v) no Shares or Options are issued other than pursuant to the Offer between the date of this Prospectus and completion of the Offer.

Example Shareholder	Shares held at Record Date	Voting power at Record Date	Entitlement	Voting power if Entitlement not taken up
Shareholder 1	40,000,000	9.55%	6,666,666	8.19%
Shareholder 2	20,000,000	4.77%	3,333,333	4.09%
Shareholder 3	10,000,000	2.39%	1,666,666	2.05%
Shareholder 4	5,000,000	1.19%	833,333	1.02%

4.5 Effect on control of the Company

(a) General

The Company is of the view that the Offers will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. There will be no change to any Shareholder's voting power as a result of the issue of the Loyalty Options. As such, no Shareholder will have a voting power greater than 19.99% as a result of the completion of the Offers.

Where Loyalty Options are exercised into Shares, the voting power of the Shareholders who exercise the Loyalty Options will increase. The likelihood of Loyalty Options being

exercised is dependent on the price of the Shares from time to time until the Loyalty Options expire.

The maximum number of Loyalty Options proposed to be issued under the Offers is 69,777,285. If all of these Loyalty Options are exercised, the Shares issued on exercise will constitute approximately 14.3% of the Shares on issue following completion of the Offers (assuming the Entitlement Offer is fully subscribed and no further Securities are issued).

(b) Prohibition on exceeding 20% voting power threshold

Based on current shareholding and Entitlements of Shareholders (including substantial Shareholders) as at the date of this Prospectus, regardless of the amount raised under the Offer, no Shareholder will increase their holding, to an amount in excess of 19.99% through applying for their Entitlements.

Section 606(1) of the Corporations Act prohibits a person, unless an exception applies, from increasing their voting power in the Company from 20% or below to above 20%, or from a starting point of above 20% and below 90%. Shareholders must have regard to and comply with these takeover provisions.

The Company expressly disclaims any responsibility for ensuring that investors and Shareholders do not breach section 606 as a result of the exercise of the Loyalty Options.

If Loyalty Option holders may be at risk of breaching Section 606 as a result of the exercise of Loyalty Options, the choices available to them include:

- (i) selling their Loyalty Options off market or on market if ASX grants Official Quotation of the Loyalty Options;
- (ii) selling some or all of their Shares prior to exercising any Loyalty Options held by them; or
- (iii) relying on another exemption from the takeovers prohibition in section 611 of the Corporations Act (such as the 3% creep exemption in item 9 of that section).

If you may be at risk of exceeding the 20% voting power threshold in section 606 as a result of the acquisition of Shares following exercise of Loyalty Options, you should seek professional advice before exercising the Loyalty Options.

(c) Underwriters and Sub-Underwriters

As at the date of this Prospectus, the Underwriter holds 4,500,000 Shares in the Company, representing 1.07% of the total issued capital in the Company on an undiluted basis.

In the unlikely event that no other persons participate in the Offers, the Underwriter does not appoint any Sub-Underwriters, and the Underwriter subscribed for and were issued 100% of the Loyalty Options, upon exercise of all Options held by the Underwriter, the Underwriter's maximum interest in the Company could increase by 14.29% to a total 15.36% of all Shares in the Company.

Alternatively, the maximum total shareholding of the Sub-Underwriters upon completion of the Offer assuming that each of the Sub-Underwriters receives its maximum sub-underwriting commitments (and assuming that the Offer is 0% subscribed by Eligible Shareholders, which as at the date of the Prospectus is not expected by the Company, and assuming no other Securities are issued by the Company) as follows:

Sub-Underwriter	Shares held as at the date of this Prospectus	Options held as at the date of this Prospectus	Voting power as at the date of this Prospectus (undiluted)	Options held on completion of Offer	Maximum holding of Shares if all Options and Warrants held (including Loyalty Options) are exercised and Convertible Notes converted	Maximum theoretical Voting Power at completion of exercise of all Options held (including Loyalty Options)
Phelbe Pty Limited ¹	40,245,816	16,250,000	9.61%	14,000,000 Loyalty Options 30,250,000 Total Options 2,000,000 Convertible Notes	95,495,816	14.9%
Matthew Driscoll ²	3,276,962	2,230,769	0.78%	10,000,000 Loyalty Options 12,230,538 Total Options	15,507,354	2.42%
Warren Murphy ³	2,028,033	6,000,000	0.48%	10,000,000 Loyalty Options 16,000,000 Total Options	18,028,033	2.81%
David Mazyck ⁴	426,062	5,250,000	0.10%	5,000,000 Loyalty Options 10,250,000 Total Options	10,676,062	1.67%
Nicholas Andrews ⁵	230,000	Nil	0.06%	5,000,000 Loyalty Options 5,000,000 Total Options	5,230,000	0.82%

Notes:

1. Of the total amount of Securities held at the date of this Prospectus, 40,245,816 Shares and 16,250,000 Options and 2,000,000 Convertible Notes are held directly by Phelbe Pty Ltd.
2. Of the total amount of Securities held at the date of this Prospectus, 3,276,962 Shares and 2,230,769 Options are held indirectly by M&M Driscoll Nominees Pty Ltd.
3. Of the total amount of Securities held at the date of this Prospectus, 2,028,033 Shares and 6,000,000 Options are held by indirectly Ashburton Finance Pty Ltd.
4. Of the total amount of Securities held at the date of this Prospectus, 426,062 Shares and 5,250,000 Options are held directly by David Mazyck.
5. Of the total amount of Securities held at the date of this Prospectus, 230,000 Shares are held indirectly by Dewberri Pty Ltd.

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4.6 Effect on financial position of the Company

Set out below is the:

- (a) unaudited balance sheet of the Company for the half year ended 31 December 2024; and
- (b) unaudited pro forma balance sheet of the Company for the half year ended 31 December 2024 incorporating the effect of the Offer, assuming that all Loyalty Options were taken up.

The unaudited pro forma balance sheet has been derived from the unaudited balance sheet of the Company for the half year ended 31 December 2024 (announced by the Company on 28 February 2025) and adjusted to reflect pro forma assets and liabilities of the Company as if completion of the Offer had occurred by 31 December 2024, and also for material adjustments noted below.

The pro forma balance sheet has been adjusted for the following material movements in the assets and liabilities of the Company between 31 December 2024 and the date of this Prospectus:

- (c) issuance on 27 February 2025 of 500,000 Convertible Notes with a conversion price of \$0.08 to raise \$500,000 (before costs);
- (d) a placement on 17 March 2025 to issue 7,862,900 Shares at \$0.08 to Carbon Concepts, LLC each for pre-paid lease costs of \$629,032;
- (e) a Share Purchase Plan on 9 April 2025 to issue 16,666,667 Shares at \$0.06 each to raise \$1,000,000 (before costs);
- (f) a placement on 11 April 2025 to issue 5,650,000 Shares at \$0.06 each to raise \$339,000 (before costs);
- (g) issuance on 14 April 2025 of 1,165,000 Convertible Notes with a conversion price of \$0.08 to raise \$1,165,000 (before costs);
- (h) issuance on 26 June 2025 of 1,000,000 Convertible Notes with a conversion price of \$0.08 to raise \$1,000,000 (before costs).

In addition, an allowance has not been made for expenditure incurred in the normal course of business from 31 December 2024 to the date of this Prospectus.

	31-Dec-24 \$	Pro-forma 31-Dec-24 \$
Assets		
Current assets		
Cash and cash equivalent	932,892	1,109,662
Trade and other receivables	1,859,178	2,859,178
Inventories	1,042,472	1,042,472
Other	113,464	704,754
Total current assets	3,948,006	5,716,006
Non-current assets		
Investments accounted for using the equity method	11,068,364	12,046,449
Property, plant and equipment	5,328,639	5,328,639
Right-of-use assets	7,335,241	7,335,241

Intangibles	5,786,251	5,786,251
Total non-current assets	29,518,495	30,496,580
Total assets	33,466,501	36,212,645
<u>Liabilities</u>		
Current liabilities		
Trade and other payables	4,341,851	3,341,851
Contract liabilities	75,792	75,792
Borrowings	10,918,902	11,033,355
Lease liabilities	2,270,590	2,270,590
Royalty payable	320,063	320,063
Employee benefits	124,324	124,324
Total current liabilities	18,051,52	17,165,975
Non-current liabilities		
Convertible Notes	-	1,850,418
Lease liabilities	165,121	165,121
Compound Derivatives	-	814,582
Royalty payable	3,258,842	3,258,842
Total non-current liabilities	3,423,963	6,088,963
Total liabilities	21,475,485	23,254,938
Net assets	11,991,016	12,957,707
<u>Equity</u>		
Issued capital	95,982,191	97,832,141
Reserves	22,296,653	22,923,423
Accumulated losses	(106,287,828)	(107,797,856)
Total equity	11,991,016	12,957,707

The above table is presented in an abbreviated form and is prepared for illustrative purposes and has not been audited or reviewed. It does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements. Full details of the Company's historical financial information, including the applicable notes and accounting policies underlying their preparation, are contained in the Company's financial reports available on the ASX website.

5 Risk Factors

5.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Carbonxt's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Carbonxt and the market price of the Shares and the value of the Loyalty Options.

The following is not intended to be an exhaustive list of the risk factors to which the Carbonxt is exposed and this section does not propose to list every risk that may be associated with an investment in the Company now, or in the future. The types of risks the Carbonxt is exposed to can change over time and vary with changes in economic, technological, environmental and regulatory conditions.

5.2 Risks specific to Carbonxt

(a) Additional capital requirements

As Carbonxt's business grows and new customers are acquired, Carbonxt will require additional funding to support its growth. Although capital raised under the Offer would allow Carbonxt to continue its operations until the foreseeable future, Carbonxt may require additional funding. The Company has limited financial resources at this point and may need to raise additional funds from time to time in certain circumstances. The Company's ability to raise funds will be subject to factors beyond the control of the Company and its Directors including cyclical factors affecting the economy and financial and share markets generally. If the Company raises funds by issuing Shares (as its present intention), the issue of Shares will dilute ownership of Shareholders.

(b) Ability to retain existing clients and attract new clients

Carbonxt's business depends on its ability to retain existing customers, together with its ability to attract further business from existing customers or attract new customers.

Whilst Carbonxt endeavours to enter into long term contracts with utilities for the supply of its products, Carbonxt does not generally require customers to enter long, fixed term contracts requiring minimum product supply or minimum time commitments. There is a risk that customers reduce their usage of Carbonxt's products in the future, or do not renew contracts upon their expiry.

The loss of existing customers or the inability to attract new customers would have an adverse impact on the financial position of Carbonxt.

(c) Regulatory risk

Carbonxt is heavily reliant on US environmental policies and regulation. One of Carbonxt's primary market opportunities results from EPA's Mercury Air Toxic Standards regulations that came into force in April 2016 to tightly regulate the emission of mercury released through the burning of coal. Any change to or reversal of current Mercury Air Toxic Standards legislation would have a significant negative effect on Carbonxt's business model and financial performance. Another significant risk is the prospective introduction of PFAS regulations which are expected to come into force progressively over the next three years and lead to a significant increase in demand for Activated Carbon. If these

rules are not implemented then there could be a detrimental effect on Carbonxt's business model and financial performance.

(d) Climate risk

Climate change risks particularly attributable to Carbonxt include the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that Carbonxt will not be impacted by these occurrences.

Carbonxt takes climate risk into account in its investment decisions. There is a possibility that such decisions have underestimated the severity of climate change. The bio-char input at Black Birch is a renewable source and has a lower footprint than most Activated Carbon manufacturing facilities, but it is feasible that climate change affects the availability of the input source.

(e) Construction and technology risk

The NewCarbon investment is in construction phase and is the implementation of new techniques in the production of Activated Carbon. As with all construction activities there is the possibility of delays to completion or issues during the start-up phase. Given the plant has operated for a number of years as a waste-to-energy plant that risk is reduced, compared to a greenfields construction site, but nevertheless there is a potential for construction issues and the risk of operating performance being lower than expected in both product quality and volume of material produced.

(f) Intellectual property risk

Carbonxt relies heavily on its technology and know-how and there can be no assurance that competitors of Carbonxt or other parties will not seek to imitate or develop technology and know-how that competes with Carbonxt or supersedes Carbonxt's technology. The unauthorised use or disclosure of its intellectual property may have an adverse effect on the operating, marketing and financial performance of Carbonxt which could erode Carbonxt's competitive advantage. Carbonxt cannot be certain that others will not independently develop the same or similar technologies on their own or gain access to trade secrets or disclose such technology, or that Carbonxt will be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret. There is an inherent risk with any licensed technology that the license may be terminated in accordance with its terms or the patent invalidated by a third party.

Certain employment and consultancy agreements with key executives do not contain provisions with respect to the assignment of existing and future intellectual property rights in inventions or designs, among other things.

Patent rights

The Company relies on its ability to obtain and maintain adequate and valid patent protection of its products and to operate without infringing on the proprietary rights of third parties or having third parties circumvent Carbonxt's rights.

Carbon's patent portfolio comprises seven current US granted patents and five patent applications pending, two in Australia and four in Canada. While the Directors believe that Carbonxt's current patent applications will be successful, no guarantee can be given that such protection will be successfully and validly obtained by Carbonxt, nor does the grant of a patent guarantee that the patent concerned is valid or that the patented technology does not infringe the rights of others. If the patents are not granted, it may be possible for a third party to imitate or otherwise obtain and use Carbonxt's technology without authorisation or to develop and use similar technology independently. While Carbonxt believes it has taken appropriate steps to protect its proprietary technology, the law may not adequately protect it in all places that Carbonxt does business, or enable Carbonxt's rights to be enforced with any adequacy.

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Trade secrets

In addition to its patent and licensing activities, Carbonxt also regards its trade secrets, trademarks, domain names and similar intellectual property as important to its success. The measures that Carbonxt employs to protect its intellectual property rights may not always be sufficient to protect its trade secrets. The unauthorised use or disclosure of its intellectual property may have an adverse effect on the operating, marketing and financial performance of Carbonxt which could erode Carbonxt's competitive advantage.

Carbonxt cannot be certain that others will not independently develop the same or similar technologies on their own or gain access to trade secrets or disclose such technology, or that Carbonxt will be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret.

Infringement of Company or third party intellectual property rights

The Company is not aware of any material violation or infringement of its trademarks and the intellectual property rights of others. However, there can be no assurance that in the future, Carbonxt will not inadvertently infringe the intellectual property rights of others, or be subjected to infringement claims or litigation arising out of patents and pending applications of its competitors, or additional proceedings initiated by third parties or the United States Patent and Trademark Office (**USPTO**) to re-examine the patentability of licenses or owned patents. Although no litigation is current or threatened by or against Carbonxt, in the future litigation may be necessary to enforce Carbonxt's issued patents, licences, to protect its trade secrets and know-how, or to determine the enforceability, scope and validity of the proprietary rights of others.

The defence and prosecution of intellectual property suits, USPTO proceedings, and related legal and administrative proceedings are expensive and time consuming and may divert valuable resources from and disrupt the conduct of its business. Further, Carbonxt may not be successful in its infringement claims which will lead to a drain on its financial resources. Adverse determinations in such litigation could result in loss of proprietary rights or subject Carbonxt to significant liabilities, which could impact upon Carbonxt's financial performance.

(g) Reliance on key personnel

The Company currently employs, or engages as consultants, several key management and scientific personnel. The Company's success is dependent upon a number of highly qualified and experienced personnel and a stable workforce. In particular, the senior management team has accumulated a significant number of years' experience. The Company's future will be dependent upon the continued performance, efforts, abilities and expertise of its key management personnel. While Carbonxt has in place long term service contracts, there can be no assurance that Carbonxt will be able to retain its key personnel or attract other suitably qualified personnel in the future, if required. Certain contracts with key executives of Carbonxt do not contain standard intellectual property assignment provisions or provisions regarding the protection of confidential information. There is a risk that Carbonxt's intellectual property is not protected under these contracts. The inability to attract and retain the necessary technical and managerial personnel could have a material and adverse effect upon Carbonxt's business, results of operations and financial condition.

(h) Competitive & dynamic market

The Company operates in a changing market for Activated Carbon primarily driven by the US EPA regulations. This emerging market may provide existing or new competitors with stimulus to increase competitive pressure through technological advancements, volume increases or pricing and other strategies. Any significant advancements in technology for producing Activated Carbon have the potential to change the competitive environment in which Carbonxt intends to operate.

The entry of additional competitors in the Activated Carbon market could result in reduced operating margins and loss of market share. Such occurrences could adversely affect

Carbonxt's operating and financial performance. Additionally, there is also a risk that a competitor could develop similar or more advanced technology or develop and market new products in a way that creates extensive competition for Carbonxt. Where this occurs, it could increase Carbonxt's research and development costs, decrease the value of its products and reduce the future profitability of Carbonxt.

In addition to the above, changes to tariffs, quotas and other regulations dealing with import tariffs could have a material adverse effect on the competitiveness of Carbonxt's product.

(i) Offshore operations

The Company is listed in Australia, but for the foreseeable future will have its manufacturing, research and development, and marketing efforts located in the US. The Company has operated in the US for some time and the majority of its employees are located in the US.

Given the global nature of the coal-fired generation business and the United Nations initiatives in respect of mercury capture, Carbonxt's activities may in the future extend to other countries. Geographic diversity adds risk to the ability of Carbonxt to manage its operations and employees. As a result, Carbonxt is also subject to risks relating to the general economic, regulatory, legal, social and political environment in the jurisdictions in which it intends to operate.

Accordingly, Carbonxt's business, financial conditions and results of operations could be materially adversely affected by factors specific to investing in these jurisdictions. The Directors intend to obtain all necessary formal sign-offs prior to commencement of operations in any foreign jurisdiction to ensure compliance with local laws and are not aware of any legal impediments to the conduct of business in any jurisdiction that Carbonxt is likely to operate in as at the date of this Prospectus.

(j) Safety and industrial accidents

The production of Carbonxt's products is subject to safety related risks, which is being managed carefully by Carbonxt. Despite the relevant safety guards there is no guarantee a serious accident will not occur in the future. A serious accident may negatively affect the financial performance and/or financial position of Carbonxt.

(k) Exchange rate risk

The Company is exposed to movements in exchange rates. Financial statements are maintained in Australian dollars however for the foreseeable future the vast majority of Carbonxt's revenue and expenses will be denominated in US dollars. Adverse movements in the AUD/USD exchange rate may have an adverse effect on the financial performance and/or financial position of The Company. The Directors will implement foreign exchange hedging policies for Carbonxt as considered.

(l) Brand establishment and maintenance

The Company believes that establishing and maintaining its brand in the industry is critical to growing its proposed customer base and product acceptance. This will depend largely on the effectiveness of its products and processes. The Company must also maintain and support its existing customer relationships to maintain its brand and attract further customers. As noted earlier, prior to entering into supply agreements, Carbonxt is required to undertake vigorous testing of its Activated Carbon solutions. If these tests are unsuccessful, Carbonxt's brand, its business and operating results could be adversely affected.

(m) 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 Carbonxt has liability insurance to help manage such risks, Carbonxt may not be able to maintain insurance for product or service liability on reasonable terms in the future and, or Carbonxt's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims.

Although Carbonxt endeavours to work to rigorous standards, there is still the potential for its products to contain defects that may result in damage to customers' systems in turn causing a financial or reputational loss. For Carbonxt, these defects or problems could result in the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, injury to Carbonxt's reputation or increased insurance costs. If Carbonxt fails to meet its customers' expectations, Carbonxt's reputation could suffer and it could be liable for damages.

The Company gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that such loss does not have an adverse effect on its performance.

5.3 Risks associated with the Offer

(a) Value of Loyalty Options

The Loyalty Options that are issued as part of the Offer are offered for an issue price of \$0.01 and require the exercise price of \$0.07 per Loyalty Option to be paid at the time of exercise. If the prevailing trading price of Shares is lower than the Exercise Price, then it is likely that the Loyalty Options will not be exercised. In this case, for investors, the unexercised Loyalty Options will not have value and will lapse on the Expiry Date of the Loyalty Options.

If the Loyalty Options are not exercised, or only some of the Loyalty Options are exercised, then Carbonxt may not receive the proceeds that would otherwise be generated if Loyalty Option holders pay the Exercise Price. This possibility may reduce the amount of capital that Carbonxt would receive if all of the Loyalty Options are exercised on or before the Expiry Date of the Loyalty Options.

(b) Liquidity

The market for Shares may be illiquid.

The Company will seek Official Quotation of the Loyalty Options, subject to satisfying the quotation conditions of the Listing Rules. Even if ASX grants Official Quotation of the Loyalty Options, the market for the Options may be illiquid. If ASX does not grant Official Quotation of the Loyalty Options, the Loyalty Options will not be listed on ASX and remain unquoted, and therefore will not be trading on a liquid market.

5.4 General risk factors

The future operations of Carbonxt may be affected by a range of factors, including the below general risk factors.

(a) General equity market risks

There can be no certainty that, following listing, an active market in the Shares will develop. In addition, Shares may trade on the ASX at a discount or premium to the Offer Price. The price at which Shares trade on the ASX may be affected by a number of factors, including the financial and operating performance of Carbonxt and external factors over which Carbonxt and its Directors have no control.

These external factors include actual, expected and perceived general economic conditions, changes in government policy or regulation, significant events such as natural disasters or acts of terrorism, investor attitudes, changes in taxation, movements in interest rates, movements in stock markets, and general conditions in the markets in which Carbonxt will operate.

In addition, investors should consider the historical volatility of Australian and overseas share markets.

(b) General economic conditions

Factors such as inflation, interest rates, levels of tax, taxation law and accounting practices, government legislation or intervention, natural disasters, social upheaval, and war may have an impact on prices, operating costs and market conditions generally. Accordingly, Carbonxt's future revenue and operations can be affected by these factors which are beyond the control of Carbonxt.

Revenue and expenditure of Carbonxt may be affected by changes in international, federal, state, or local government laws, regulations or policies, or in taxation legislation. Government legislation and policies are subject to review and change from time to time. Such changes are likely to be beyond the control of Carbonxt and may affect industry profitability.

Factors beyond the control of the Directors that could affect the revenues and value of Carbonxt include, but are not limited to, inflation, currency fluctuation, interest rates, supply and demand of relevant inputs and outputs and industrial disruption.

(c) Absence of dividends

The ability of Carbonxt to pay any dividend in the future is dependent on many factors including Carbonxt's ability to generate sufficient revenue. Many of the factors that will affect Carbonxt's ability to pay dividends and the timing of those dividends will be outside the control of Carbonxt and its Directors. The Directors cannot give any assurance regarding the payment of dividends in the future.

(d) Geopolitical factors

There are currently several global conflicts impacting global markets, including the ongoing Russia and Ukraine conflict and conflicts in the Middle East. The nature and extent of the effect of the conflict on the performance of the Company remains unknown. The Company may be affected by the impact that geopolitical factors have on the world, US or Australian economies or on financial markets and investments generally or specifically, and governmental responses to such activities. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by geopolitical factors. The Company has only a limited ability to insure against some of these risks.

(e) Shareholder dilution

The Company in the future, may wish to elect to issue shares or engage in capital raisings. While Carbonxt will be subject to constraints, Shareholders at the time may be diluted as a result of such issues of shares and capital raisings.

(f) Litigation

In the ordinary course of business, Carbonxt may be involved in litigation disputes from time to time. Litigation disputes brought by third parties including, but not limited to customers, suppliers, business partners, employees and government bodies may adversely impact the financial performance and industry standing of the business, in the case where the impact of legal proceedings is greater than or outside the scope of Carbonxt's insurance. Such litigation could negatively impact the industry standing of Carbonxt, cause Carbonxt to incur unforeseen expenses, occupy a significant amount of Company management's time and attention and could negatively affect Carbonxt's business operations and financial position.

As at the date of the Prospectus, the Directors are not aware of any legal proceedings pending or threatened against or no material legal proceedings affecting Carbonxt.

(g) Infectious diseases

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The global COVID-19 (Novel Coronavirus) pandemic demonstrated that pandemics can have a significant impact on global capital markets, commodity prices and foreign exchange rates. Should any Company personnel or contractors be infected by a similar pandemic involving a new COVID-19 variant or other infectious disease, it could result in the Company's operations being suspended or otherwise disrupted for an unknown period of time, which may have an adverse impact on the Company's operations as well as an adverse impact on the financial condition of the Company. Supply chain disruptions resulting from a pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by a pandemic, continue to adversely impact the Company's operations, financial position and prospects.

(h) Force majeure events (including COVID-19 pandemic)

Events may occur within or outside Australia or the US that could impact upon Carbonxt and the value of shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for Carbonxt's products and its ability to conduct business. The Company only has a limited ability to insure against some of these risks.

(i) Cyber risks

The Company, as with all organisations, is reliant on information technology for the operation of its business. Any failure, unauthorised or erroneous use of the Company's information and/or information systems may result in financial loss, disruption or damage to the reputation of the Company.

(j) Unforeseen risk

There may be other risks of which the Directors are unaware at the time of issuing this Prospectus which may impact Carbonxt, its operations and/or the valuation and performance of Shares. The above list of key risks ought not to be taken as exhaustive of the risks faced by Carbonxt or by investors in Carbonxt. The above risks and others not specifically referred to above may in the future materially affect Carbonxt, its financial performance or the value of Shares.

5.5 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Carbonxt or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Carbonxt and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

6 Additional Information

6.1 Continuous disclosure and inspection of documents

The Company is a disclosing entity for the purpose of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations.

The Company believes that it has complied with the general and specific disclosure requirements of the Corporations Act and Listing Rules, which require the Company to notify the ASX of information about specific events or matters as they arise, for the purpose of the ASX making that information available to the market conducted by the ASX.

This Prospectus is issued under section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class which has been continuously quoted by the ASX at all times during the 3 months before the date of the Prospectus. Apart from prescribed matters, this Prospectus need only contain information relating to the Terms of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the Loyalty Options. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offer prospectus.

This Prospectus is a 'transaction specific prospectus'. In general terms, a transaction specific prospectus is only required to contain information in relation to the securities being offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

It is intended that this Prospectus be read in conjunction with and in addition to the publicly available information in relation to the Company which has been notified to ASX. Investors should have regard to other publicly available information in relation to the Company before making a decision whether or not to invest.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company will make available a copy of each of the following documents, free of charge, to any person who asks for it during the Offer period:

- (a) the annual financial report for the year ended 30 June 2024 (being the annual financial report most recently lodged with ASIC in relation to the Company before the issue of this Prospectus), a copy of which is available at the Company's website www.carbonxt.com; and
- (b) any continuous disclosure notices given by the Company after the lodgement with ASIC of the annual financial report referred to at 6.1(a) above and before the lodgement with ASIC of a copy of this Prospectus. These include the following announcements:

Date lodged	Announcement
01/08/2025	Ceasing to be a Substantial Shareholder
31/07/2025	Q4 FY25 Quarterly Activities Report & Appendix 4C
02/07/2025	Appendix 3Z - I Kathawalla
02/07/2025	Resignation of Non-Executive Director
26/06/2025	Notification regarding unquoted securities - CG1
26/06/2025	Carbonxt Increases Stake in Kentucky Facility
24/06/2025	Change of Address & Contact Details
23/06/2025	Change of Director's Interest Notice - N Andrews

Date lodged	Announcement
23/06/2025	Change of Company Secretary
30/04/2025	Q3 FY25 Quarterly Activities Report & Appendix 4C
14/04/2025	Cleansing Statement
14/04/2025	Notification regarding unquoted securities - CG1
11/04/2025	Change in substantial holding Phelbe Pty Ltd
11/04/2025	Cleansing Statement
11/04/2025	Application for quotation of securities - CG1
10/04/2025	Cleansing Statement
10/04/2025	Proposed issue of securities - CG1
10/04/2025	Additional A\$1.5 M raised to support Kentucky Investment
09/04/2025	Change of Director Interest Notice Warren Murphy
09/04/2025	Change of Director Interest Notice Matthew Driscoll
08/04/2025	Application for quotation of securities - CG1
08/04/2025	Carbonxt Completes Share Purchase Plan
27/03/2025	Update - Proposed issue of securities - CG1
27/03/2025	Share Purchase Plan extension
27/03/2025	Ignite Investment Summit presentation
17/03/2025	Cleansing Notice
17/03/2025	Application for quotation of securities - CG1
14/03/2025	Notification regarding unquoted securities - CG1
13/03/2025	Update - Proposed issue of securities - CG1
13/03/2025	Proposed issue of securities - CG1
13/03/2025	CG1 restructures Black Birch Lease and extends SPP
12/03/2025	Proposed issue of securities - CG1
28/02/2025	HY25 Results Announcement
28/02/2025	Half Yearly Report and Accounts
17/02/2025	Proposed issue of securities - CG1
17/02/2025	Share Purchase Plan to raise up to \$2 million
31/01/2024	Q2 FY25 Quarterly Activities Report & Appendix 4C
21/01/2025	Notification of cessation of securities - CG1
20/01/2025	Appointment of Company Secretary
03/01/2025	Becoming a substantial holder - Phelbe Pty Ltd
02/01/2025	Notification regarding unquoted securities - CG1
02/01/2025	Cleansing Notice
02/02/2025	Application for quotation of securities - CG1
27/12/2024	Update - Proposed issue of securities - CG1
24/12/2024	Update - Proposed issue of securities - CG1
20/12/2024	Proposed issue of securities - CG1
20/12/2024	Completion of \$1.0m Placement
18/12/2024	CG1 Achieves 40% ownership & Mechanical Completion of Plant
13/12/2024	Becoming a substantial holder - PURE Asset Management
29/11/2024	Change of Director's Interest Notice - M Driscoll
29/12/2024	Notification regarding unquoted securities - CG1

Date lodged	Announcement
27/12/2024	Market Update
05/11/2024	Update - Appendix 4C
31/10/2024	September 2024 Quarterly Activities Report
31/10/2024	Appendix 4C
30/10/2024	2024 Annual General Meeting Results
30/10/2024	Chairman's Address to AGM
28/10/2024	Annual General Meeting Withdrawal of Resolutions
17/10/2024	Expanded PAC Volumes commence for \$24m Reworld contract
2/10/2024	Ceasing to be a substantial holder
30/10/2024	Cleansing Notice
30/09/2024	Application for quotation of securities - CG1
30/09/2024	Notice of Annual General Meeting & Proxy Form
27/09/2024	Update - Proposed issue of securities - CG1
24/09/2024	Proposed issue of securities - CG1
24/09/2024	Completion of \$3.02m Placement
20/09/2024	Trading Halt
30/08/2024	FY24 Results Announcement
30/08/2024	Appendix 4G and Corporate Governance Statemen

This Prospectus contains details specific to the Offer. If Shareholders require any further information in relation to the Company, those Shareholders should take advantage of the ability to inspect or obtain copies of the documents referred to above.

6.2 Market price of Shares

The highest and lowest market sale price of the Company's Shares on the ASX during the 3 calendar months immediately preceding the date of issue of this Prospectus and the last market price on the last day of trading before lodgement of this Prospectus is set out below:

	Price	Date
Highest	\$0.071	31 July 2025
Lowest	\$0.044	26 June 2025
Last	\$0.061	21 August 2025

6.3 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.4 Material contract – Underwriting Agreement

The Underwriter has agreement to fully underwrite the Offer pursuant to the terms of the underwriting agreement signed by the Underwriter and the Company on 20 August 2025.

The Underwriting Agreement contains the following key terms:

Fee

The Underwriter is entitled to an underwriting fee of 6% of the Underwritten Amount, being \$41,866.32.

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Applications and Issue of Shares

- (a) **(Notice of Shortfall)**: If there is a Shortfall, the Company may, within ten (10) Business Days after the Closing Date (or such later date as the Underwriter in its absolute discretion allows), give the Underwriter written notice stating the number of Shortfall Options and the number of Shortfall Options which the Company allocates to the Underwriter after the allocation or non-allocation by the Board of Shortfall Option (**Remaining Options**).
- (b) **(Application for Remaining Options)**: The Underwriter must, within ninety (90) Business Days of receiving the notice from the Company lodge with the Company an application to subscribe for the Remaining Options.
- (c) **(Issue of Remaining Options)**: Subject to the Corporations Act and the Listing Rules, the Company will issue the Remaining Options in respect of any application lodged by the Underwriter within five (5) Business Days after the Board determines to issue those Remaining Options.

Termination Events

The Underwriter may terminate the Underwriting Agreement if one of the following termination events occurs:

- (a) **(Withdrawal of Entitlement Offer)**: the Company withdraws the Entitlement Offer or indicates that it does not intend to proceed with the Entitlement Offer or the Company ceases to be admitted to the Official List of ASX or its Shares cease to be quoted on ASX (or ASX indicates in writing that it will not grant permission for quotation of the New Shares or any such permission is subsequently withdrawn);
- (b) **(Timetable Delay)**: any event specified in the Underwriting Agreement (including, without limitation, the Timetable) is delayed by 20 Business Days or more, without the prior written consent of the Underwriter; or
- (c) **(Material Breach of Representation)**: a material representation or warranty contained in the Underwriting Agreement which representation or warranty is given by the Company in favour of the Underwriter, is materially untrue or incorrect when given or taken to be given.

Sub-underwriting

The Underwriter may at any time appoint sub-underwriters and will be responsible for paying any sub-underwriting fees.

Representations and warranties

The Underwriting Agreement also contains covenants, warranties, representations and other terms usual for an agreement of this nature. The Company has made a number of representations and warranties including but not limited to that the Company is eligible to remain listed on the ASX and has not breached its continuous disclosure obligations.

6.5 Sub-underwriting by related parties

As stated in Section 2.4, Matthew Driscoll, Warren Murphy, David Mazyck and Nicholas Andrews, as Sub-Underwriters, are classified as related parties to the Company as they are Directors.

The key terms of each of their sub-underwriting agreements are summarised below:

Name	Matthew Driscoll	Warren Murphy	David Mazyck	Nicholas Andrews
Sub-Underwritten Amount (\$)	\$100,000	\$100,000	\$50,000	\$50,000
Maximum number of Loyalty Options underwritten	10,000,000	10,000,000	5,000,000	5,000,000
Consideration payable to Sub-Underwriter	Nil	Nil	Nil	Nil

No fees are payable by the Company to these Director Sub-Underwriters.

Each Director Sub-Underwriters may terminate their sub-underwriting agreement if one of the following termination events occurs:

- (a) **(Withdrawal of Entitlement Offer)**: the Company withdraws the Entitlement Offer or indicates that it does not intend to proceed with the Entitlement Offer or the Company ceases to be admitted to the Official List of ASX or its Shares cease to be quoted on ASX (or ASX indicates in writing that it will not grant permission for quotation of the New Shares or any such permission is subsequently withdrawn);
- (b) **(Timetable Delay)**: any event specified in the sub-underwriting agreement (including, without limitation, the Timetable) is delayed by 20 Business Days or more, without the prior written consent of the Sub-Underwriter; or
- (c) **(Material Breach of Representation)**: a material representation or warranty contained in the sub-underwriting agreement which representation or warranty is given by the Company in favour of the Sub-Underwriter, is materially untrue or incorrect when given or taken to be given.

Please see Section 4.5(c) for the effect on control for the related party Sub-Underwriters.

6.6 Rights attaching to Shares (including Shares issued on exercise of the Loyalty Options)

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy or attorney to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy or attorney;

- (ii) on a show of hands, every person present who is a Shareholder or a representative of a Shareholder has one vote in respect of each Share carrying the right to vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes equivalent to the proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) is the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

The Directors alone may declare a dividend to be paid to Shareholders. The amount of the dividend, time for payment and method of payment is determined according to the discretion of the Directors. No interest is payable in respect of unpaid dividends. Notice of a dividend declared must be given to Shareholders.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest all or any assets in a trustee on trusts determined by the liquidator for the benefit of the contributories.

(e) Shareholder liability

As the shares issued on exercise of the Loyalty Options issued pursuant to the Prospectus will be fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(g) Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of constitution

The Company's constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.7 Terms of and rights attaching to Loyalty Options

- (a) Option entitlement: Subject to and conditional upon any adjustment in accordance with these conditions, each Loyalty Option entitles the holder to subscribe for one Share upon exercise of the Loyalty Option.
- (b) Exercise Price: Subject to and conditional upon any adjustment in accordance with these conditions, the amount payable upon exercise of each Loyalty Option will be \$0.07 per Loyalty Option (**Exercise Price**).
- (c) Expiry Date: Each Loyalty Option will expire at 5.00pm (AEST) on the date that is three (3) years from the date of issue of the Loyalty Option. (**Expiry Date**). A Loyalty Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) Exercise Period: The Loyalty Options are exercisable at any time from the date of their issue until the Expiry Date (**Exercise Period**).
- (e) Notice of Exercise: The Loyalty Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Loyalty Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) Exercise Date: A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Loyalty Option being exercised in cleared funds (**Exercise Date**).
- (g) Timing of issue of shares on exercise: Within 20 Business Days after the Exercise Date, the Company will:
- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Loyalty Options specified in the Notice of Exercise and for which the Exercise Price has been received by the Company in cleared funds; and
 - (ii) if admitted to the official list of ASX at the time, apply for Official Quotation of Shares issued pursuant to the exercise of the Loyalty Options.
- (h) Shares issued on exercise: Shares issued on exercise of the Loyalty Options rank equally with the then issued Shares of the Company.
- (i) Quotation of Shares issued on exercise: If the Company is admitted to the official list of the ASX at the time, application will be made by the Company to the ASX for quotation of the Shares issued upon the exercise of the Loyalty Options.
- (j) Quoted: The Company will seek Official Quotation of the Loyalty Options, subject to satisfying the quotation conditions of the Listing Rules. If ASX does not grant Official Quotation of the Loyalty Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of this Prospectus (or such period as varied by ASIC), the Loyalty Options will remain on issue as unquoted Options.
- (k) Reconstruction of capital: If at any time the issued capital of the Company is reconstructed, all rights of a holder of Loyalty Options are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (l) Participation in new issues: There are no participation rights or entitlements inherent in the Loyalty Options and holders of Loyalty Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Loyalty Options without exercising the Loyalty Options.
- (m) Change in exercise price / number of Shares: A Loyalty Option does not confer the right to a change in the Exercise Price or a change in the number of underlying securities over which the Loyalty Option can be exercised.

- (n) **Transferability:** The Loyalty Options are transferable subject to any restriction or escrow arrangements imposed by the ASX or under applicable Australian securities laws.

6.8 Directors' interests

(a) General

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of that persons association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with the Company's formation; or
- (iii) the Offer.

In addition, except as set out below or elsewhere in this Prospectus, no benefits of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or the promotion of the Company.

(b) Director interest's in Securities

The Directors are not required under the Company's constitution to hold any Shares in the Company.

The following table sets out the relevant interests in Shares and Options held by each Director as at the date of this Prospectus:

Director (including associates)	Shares (held directly and indirectly)	Options held (directly and indirectly)
Matthew Driscoll ¹	3,276,962	2,230,538
Warren Murphy ²	2,028,033	6,000,000
David Mazyck ³	426,062	5,250,000
Nicholas Andrews ⁴	230,000	Nil

This table does not take into account any Loyalty Options the Directors may acquire under the Offer. Some or all of the Directors may participate to the extent of their Entitlement under the Offer.

Notes:

1. Of the total amount of Securities held at the date of this Prospectus, 3,276,962 Shares and 2,230,769 Options are held indirectly by M&M Driscoll Nominees Pty Ltd.
2. Of the total amount of Securities held at the date of this Prospectus, 2,028,033 Shares and 6,000,000 Options are held by indirectly Ashburton Finance Pty Ltd.
3. Of the total amount of Securities held at the date of this Prospectus, 426,062 Shares and 5,250,000 Options are held directly by David Mazyck.
4. Of the total amount of Securities held at the date of this Prospectus, 230,000 Shares are held indirectly by Dewberri Pty Ltd.

The Directors (and their associates) who are Eligible Shareholders are entitled to apply for Loyalty Options in the Offer.

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Matthew Driscoll, Warren Murphy, David Mazyck and Nicholas Andrews are Sub Underwriters for the Loyalty Options under the Offer. Please refer to Section 4.5(c) for details on effect on control for these Directors under the Offer and Section 6.5 for details about the sub-underwriting agreements.

(c) Director remuneration

Directors' remuneration for the year ended 30 June 2024 was as follows:

Director	Remuneration for the year ended 30 June 2024
Matthew Driscoll	\$131,099
Warren Murphy	\$552,298
David Mazyck	\$944,328
Nicholas Andrews	\$77,917

(d) Indemnification and Directors & Officers Insurance

The Company has agreed to indemnify the current Directors and certain current executives of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or officers of the Company, to the extent permitted by law. The indemnity agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company pays a premium to insure Directors and certain officers of the Company and controlled entities. The officers of the Company covered by the insurance policy include the current Directors and secretary of the Company and its subsidiaries, senior management of the Company and senior management of divisions and controlled entities of the Company. As the insurance policy operates on a claims made basis, former Directors and officers of the Company are also covered.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or controlled entities. The insurance policy outlined above does not contain details of premiums paid in respect of individual Directors and officers of the Company. The insurance policy prohibits disclosure of the premium paid.

The Company has not otherwise indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred by such officer.

6.9 Interests of named persons

Set out below are the benefits that have been or have been agreed to be given to any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (together, **Prescribed Persons**).

Except as set out below or elsewhere in this Prospectus, no Prescribed Person holds, or during the last 2 years has held, any interests in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with the Company's formation or the promotion, or the Offer; or
- (c) the Offer.

In addition, except as set out below or elsewhere in this Prospectus, no benefit of any kind, (whether in cash, Shares or otherwise) have been paid or agreed to be paid to a Prescribed

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Person in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company, or the Offer.

Thomson Geer has acted as the legal advisers to the Company for the purposes of the Offer. For this work, the Company estimates Thomson Geer will receive fees amounting to approximately \$15,000 including GST but excluding disbursements.

Chaleyey Holdings Pty Limited has acted as the underwriter to the Offer. The fees payable to the Underwriter are set out in Section 6.4 and the fees payable to the Directors that are Sub Underwriters are set out in Section 6.5.

6.10 Consents to be named

Each of the parties referred to in the table below:

- (a) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in the Prospectus in the form and context in which it is named;
- (b) has not, and its affiliates, officers and employees have not, made any statement in the Prospectus or any statement on which a statement made in the Prospectus is based other than those referred to in this Section 6.10;
- (c) does not cause, permit or authorise the issue or lodgement, submission, dispatch or provision of the Prospectus;
- (d) has not authorised or caused the issue of the Prospectus, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in the Prospectus; and
- (e) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Party name	Named as
Chaleyey Holdings Pty Limited	Underwriter
Phelbe Pty Ltd	Sub-Underwriter
Matthew Driscoll	Director and Sub-Underwriter
Warren Murphy	Director and Sub-Underwriter
David Mazyck	Director and Sub-Underwriter
Nicholas Andrews	Director and Sub-Underwriter
Thomson Geer	Solicitor to the Company
Boardroom Pty Limited	Share Registry

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. Those persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

6.11 Expenses of the Offer

All expenses connected with the Offer are being borne by the Company.

Based on the Offer being fully subscribed and all Loyalty Options issued under this Prospectus are listed, the estimated costs of the Offer, which have been paid or are payable by the Company are as follows:

Expenses of the Offer	Amount including GST
ASIC fees	\$3,206.00
ASX fees for quotation	\$5,431.00
Underwriting fee	\$41,866.32
Legal fees	\$15,000.00
Registry and company secretarial	\$5,500.00
TOTAL	\$71,003.32

6.12 **Governing Law**

The Offer is governed by the law in force in New South Wales, Australia. By accepting the Offer, each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

6.13 **Directors' consent to lodgement**

This Prospectus is issued by the Company. Each Director has consented to the lodgement of this Prospectus with ASIC as required by section 720 of the Corporations Act.

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7 Glossary

In this Prospectus, unless the context or subject matter otherwise requires:

Activated Carbon	A form of carbon processed to have small, low-volume pores that increase the surface area available for adsorption or chemical reactions.
Applicant	A person who returns an Application.
Application	An application for Loyalty Options under the Offer.
Application Form	The entitlement and acceptance form attached to this Prospectus.
Application Payment	The payment of the Offer Price under the Offer submitted by an Applicant for the purposes of making an Application.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the stock exchange which it operates, as the context requires.
Australian Accounting Standards	The accounting standards as defined in the Corporations Act.
Board	The board of Directors.
Business Day	Monday to Friday inclusive other than any day that is not a business day for the purposes of the ASX Listing Rules.
Carbonxt	The group that includes the Company and its subsidiaries, or where the context requires the business conducted by those entities.
CHESS	ASX Clearing House Electronic Sub-registry System.
Closing Date	5.00pm (AEST) on Wednesday, 10 September 2025 (unless varied).
Company	Carbonxt Group Limited (ACN 097 247 464).
Company Secretary	The company secretary of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time.
Directors	The directors of the Company.
Eligible Shareholder	A Shareholder recorded on the Register at the Record Date whose registered address is in Australia or New Zealand.
Entitlement	The number of Loyalty Options for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being one (1) unquoted Option for every six (6) Shares held on the Record Date.
Entitlement Offer	The non-renounceable pro rata entitlement offer to Eligible Shareholders of 1 Loyalty Option for every six (6) Shares held at the Record Date under this Prospectus and on the Terms of the Offer.
EPA	The United States Environmental Protection Agency.
Exercise Date	Meaning given in Section 6.7(f).
Exercise Period	Meaning given in Section 6.7(d).
Exercise Price	The price payable on the exercise of a Loyalty Option for one Share under this Prospectus, being \$0.07 per Loyalty Option.
Expiry Date	5.00pm (AEST) on the date that is three (3) years from the date of issue of the Loyalty Option.
GST	Has the meaning given to that term in <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth) and includes goods and services tax.

Ineligible Foreign Shareholder	A Shareholder recorded on the Register at the Record Date whose registered address is not in Australia or New Zealand.
Issue Price	\$0.01 per Loyalty Option
Mercury and Air Toxics Standards	The Mercury and Air Toxics Standards (MATS) of the US EPA.
Listing Rules	The official Listing Rules of the ASX.
Loyalty Options	An Option offered under this Prospectus on the Terms of the Offer.
Notice of Exercise	Meaning given in Section 6.7(e).
Offers	The Entitlement Offer and the Shortfall Offer, and Offer means any one of those Offers, as applicable.
Offer Period	Meaning given in Section 2.5.
Official Quotation	Quotation on the official list of the ASX.
Option	An option to subscribe for a Share.
Prescribed Persons	Meaning set out in Section 6.9.
Prospectus	This prospectus.
Record Date	7.00pm (AEST) on Wednesday, 27 August 2025.
Register	The Company's register of members or optionholders, as the context requires.
Section	A section of this Prospectus.
Section 606	The takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold).
Securities	Shares and Options issued by the Company.
Share Registry	Boardroom Pty Limited (ACN 003 209 836).
Shareholder	Registered holder of a Share.
Shares	Fully paid ordinary shares in the capital of the Company.
Shortfall	Any Entitlement not taken up pursuant to the Entitlement Offer.
Shortfall Offer	Loyalty Options offered under this Prospectus which are not subscribed for by Eligible Shareholders under the Entitlement Offer.
Shortfall Options	means Loyalty Options offered under the Shortfall Offer.
Sub-Underwriters	means Phelbe Pty Ltd (ACN 100 234 688), and Directors Matthew Driscoll, Warren Murphy, David Mazyck and Nicholas Andrews.
Sub-Underwritten Amount	has the meaning given to it in Section 2.4 of this Prospectus.
Terms of the Offer	The terms and conditions set out in this Prospectus, including any modifications made by the Company.
Underwriter	Chaley Holdings Pty Ltd (ACN 066 215 478)
Underwriting Agreement	An underwriting agreement dated 20 August 2025 between the Company and the Underwriter.
US	The United States of America.
USPTO	The United States Patent and Trademark Office.

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Corporate Directory**Directors**

Mr Matthew Driscoll - Chairman
Mr Warren Murphy – Managing Director
Mr David Mazyck – Director
Mr Nicholas Andrews – Non-Executive Director

Company Secretary

Ms Laura Newell

Registered Office

Level 37
180 George Street
Sydney NSW 2000

Website

<http://www.carbonxt.com>

Share Registry*

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Tel: 1300 737 760

Legal Advisers

Thomson Geer
Level 14, 60 Martin Place
Sydney NSW 2000

Auditor*

Ernst & Young
200 George Street
Sydney NSW 2000

**These entities are included for information purposes only. These entities have not been involved in the preparation of this Prospectus.*