



Carbonxt Group Limited
ACN 097 247 464

Notice of Annual General Meeting

Date: 9 November 2026

Time: 11.00am (AEDT)

Place: The Meeting will be held in person at Level 37, 180 George Street, Sydney NSW 2000

This Notice of Meeting is dated 9 October 2026

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.

For all enquiries regarding this Notice of Meeting, your holding of Shares, change of address or other registry matters, please contact Boardroom on **1300 737 760** (for callers within Australia) and **+61 2 9290 9600** (for callers outside Australia).

Table of Contents

1 Chairman's Letter	3
2 Notice of Meeting	4
3 Explanatory Statement	14
4 Glossary	44
5 Annexure A: Employee Option Plan Key Terms	45
6 Annexure B: Convertible Note terms	45
7 Annexure C: Option Terms	46
8 Annexure D: Proportional Takeover Provision Clauses	46
Error! Reference source not found. Annexure E: Independent Expert's Report	47

NOTE: Capitalised terms used in this document are defined in the Glossary (Section 4).

Key Dates (AEDT)

Due date of lodgement of Proxy Forms	7 November 2026
Date of AGM	9 November 2026

Corporate Directory

Directors

Matthew Driscoll
Warren Murphy
Nicholas Andrews

Company Secretary

Laura Newell

Registered Office

C/- Source Governance
Level 37, 180 George Street
SYDNEY, NSW 2000
www.cglimited.com.au

Share Registry

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001
Tel: 1300 737 760
Fax: +61 2 9290 9655
www.boardroomlimited.com.au

Auditor

Ernst & Young
680 George Street
SYDNEY NSW 2000
Tel: +61 2 9248 5555
Fax: +61 2 9248 5199
www.ey.com/au

Australian Legal Adviser

Thomsons
Level 14
60 Martin Place
SYDNEY NSW 2000
Tel: +61 2 8248 5800
Fax: +61 2 8248 5899
www.thomsons.com.au

1 Chairman's Letter

Dear Shareholder,

I am pleased to invite you to attend the 2026 Annual General Meeting (**AGM**) of Carbonxt Group Limited, which will be held at the following time and place:

Date 9 November 2026

Time 11.00am (AEDT)

Place The AGM will be held in person at Level 37, 180 George Street, Sydney NSW 2000.

The business to be considered at the AGM is provided in Section 2 of this Notice of Meeting. An Explanatory Statement in relation to each of the proposed Resolutions is provided in Section 3 of this Notice of Meeting.

Shareholders can vote by proxy by completing the enclosed Proxy Form and returning it in person, by fax or in the envelope provided. Instructions on how to appoint a proxy are detailed on the Proxy Form.

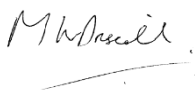
Proxies must be received no later than 11.00am (AEDT) on 7 November 2026 to be valid for the AGM.

Please read the Notice of Meeting and accompanying Explanatory Statement carefully before deciding how to vote.

For all enquiries regarding this Notice of Meeting, your holding of Shares, change of address or other registry matters, please contact Boardroom on 1300 737 760 (for callers within Australia) and +61 2 9290 9600 (for callers outside Australia).

Yours faithfully,

By Order of the Board



Matthew Driscoll
Chairman

2 Notice of Meeting

Notice is hereby given that the 2026 Annual General Meeting of Carbonxt Group Limited (the **Company**) will be held in person at Level 37, 180 George Street, Sydney NSW 2000 on 9 November 2026 at 11.00am (AEDT) (**Meeting**).

The Explanatory Statement to this Notice provides additional information on the matters to be considered at the AGM. The Explanatory Statement and the Proxy Form are part of this Notice. The Notice (including the Explanatory Statement and all annexures) should be read in its entirety.

2.1 Agenda items ORDINARY BUSINESS

Item 1 - Financial Statements and Reports for the Year Ended 30 June 2026

To consider and receive the reports of the Directors and Auditor and the financial statements for the year ended 30 June 2026.

Note: there is no requirement for Shareholders to approve the financial statements and reports.

Resolution 1 – Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following Resolution as an advisory resolution:

“That the Company adopt the Remuneration Report for the year ended 30 June 2026, as set out in the 2026 Annual Report, in accordance with Section 250R(2) of the Corporations Act.”

Note: This Resolution is advisory only and does not bind the Company or the Directors.

Voting Exclusion Statement:

In accordance with sections 250BD(1) and 250R(4) of the Corporations Act, the Company will disregard any vote cast on Resolution 1:

- *by or on behalf of a member of the Company's key management personnel (KMP) named in the Company's Remuneration Report for the year ended 30 June 2026, or their closely related parties, regardless of the capacity in which the vote is cast; or*
- *as a proxy by a person who is a member of the Company's KMP at the date of the AGM or their closely related parties,*

unless the vote is cast as proxy for a person who is entitled to vote on Resolution 1:

- *in accordance with a direction as to how to vote on the Proxy Form; or*
- *by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Company's KMP.*

If the Chairman of the Meeting is appointed as a proxy for a person who is permitted to vote on Resolution 1, the Chairman will vote any proxies which do not indicate on their Proxy Form the way the Chairman must vote, in favour of Resolution 1.

Resolution 2 – Re-election of Director – Mr Matthew Driscoll

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

“That Mr Matthew Driscoll, who retires in accordance with clause 42.1 of the Constitution and, being eligible for re-election, be re-elected as a Director.”

Resolution 3 – Re-election of Director – Mr Nicholas Andrews

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

“That Mr Nicholas Andrews, who retires in accordance with clause 42.1 of the Constitution and, being eligible for re-election, be re-elected as a Director.”

Resolution 4 – Renewal of the Employee Option Plan

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.2 (exception 13) and for all other purposes, Shareholders approve the adoption of the Employee Option Plan, and any issue of any securities under the Plan within three years from the date of this Resolution as an exception to Listing Rule 7.1, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Shareholders who are eligible to participate in the Employee Option Plan, or any associates of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- *a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or*
- *the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or*
- *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Resolutions 5a - c – Approval of Issue of Related Party Options to Directors

To consider, and if thought fit, to pass the following Resolutions as ordinary resolutions:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of:

- a) 17,000,000 Options to Warren Murphy (or his nominee) (WM Options);*
- b) 7,500,000 Options to Matthew Driscoll (or his nominee) (MD Options); and*
- c) 6,000,000 Options to Nicholas Andrews (or his nominee) (NA Options),*

on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

Resolution 5a - *The Company will disregard any votes cast in favour of the Resolution by or on behalf of Warren Murphy and any other person who will obtain a material benefit as a result of the proposed issue of WM Options and their associates (except a benefit solely by reason of being a holder of Shares).*

Resolution 5b - *The Company will disregard any votes cast in favour of the Resolution by or on behalf of Matthew Driscoll and any other person who will obtain a material benefit as a result of the proposed issue of MD Options and their associates (except a benefit solely by reason of being a holder of Shares).*

Resolution 5c - *The Company will disregard any votes cast in favour of the Resolution by or on behalf of Nicholas Andrews and any other person who will obtain a material benefit as a result of the proposed issue of NA Options and their associates (except a benefit solely by reason of being a holder of Shares).*

However, with respect to Resolutions 5a – 5c inclusive, the Company need not disregard a vote cast in favour of the Resolutions by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- the Chairman as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with the direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions; and
 - the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6 – Ratification of January 2026 Share Issue

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 6,666,667 fully paid ordinary shares at an issue price of \$0.09 per Share, issued on 6 January 2026 (**January Shares**), as further described in the Explanatory Statement.”*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Shareholders who participated in issue of the January Shares, or any associates of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 7a-c – Ratification of prior issue of Phelbe Convertible Notes

To consider, and if thought fit, to pass the following Resolutions as ordinary resolutions:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of:

- 500,000 Convertible Notes issued on 25 February 2026 (**February Convertible Notes**);*
- 750,000 Convertible Notes issued on 16 April 2026 (**April Convertible Notes**), and*
- 2,000,000 Convertible Notes issued on 6 July 2026 (**July Convertible Notes**),*

in the Company to Phelbe on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statements:

Resolution 7a *The Company will disregard any votes cast in favour of the Resolution by or on behalf of Phelbe who participated in the issue of the February Convertible Notes, or any associates of those persons.*

Resolution 7b *- The Company will disregard any votes cast in favour of the Resolution by or on behalf of Phelbe who participated in the issue of the April Convertible Notes, or any associates of those persons.*

Resolution 7c *- The Company will disregard any votes cast in favour of the Resolution by or on behalf of Phelbe who participated in the issue of the July Convertible Notes, or any associates of those persons.*

However, with respect to Resolutions 7a – 7c inclusive, the Company need not disregard a vote cast in favour of the Resolutions by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with the directions given to the proxy or attorney to vote on the Resolutions in that way; or
- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with a direction given to the Chairman to vote on the Resolutions as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions; and
 - the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 8a-c – Ratification of prior issue of Phelbe Options

To consider, and if thought fit, to pass the following Resolutions as ordinary resolutions:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of:

- a) 1,666,667 Options issued on 25 February 2026 in connection with the Company’s February Convertible Notes (**February Options**);*
- b) 2,500,000 Options issued on 16 April 2026 in connection with the Company’s April Convertible Notes (**April Options**); and*
- c) 10,000,000 Options issued on 6 July 2026 in connection with the Company’s July Convertible Notes (**July Options**),*

in the Company to Phelbe on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statements:

Resolution 8a - The Company will disregard any votes cast in favour of the Resolution by or on behalf of Phelbe who participated in the issue of the February Options, or any associates of those persons.

Resolution 8b - The Company will disregard any votes cast in favour of the Resolution by or on behalf of Phelbe who participated in the issue of the April Options, or any associates of those persons.

Resolution 8c - The Company will disregard any votes cast in favour of the Resolution by or on behalf of Phelbe who participated in the issue of the July Options, or any associates of those persons.

However, with respect to Resolutions 8a – 8c inclusive, the Company need not disregard a vote cast in favour of the Resolutions by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with the directions given to the proxy or attorney to vote on the Resolutions in that way; or
- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with a direction given to the Chairman to vote on the Resolutions as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions; and
 - the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 9 – Ratification of prior issue of Pure Convertible Notes

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,000,000 Convertible Notes issued on 6 July 2026 (**Pure Convertible Notes**) in the Company to Pure on the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion Statements:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Pure who participated in the issue of the Pure Convertible Notes, or any associates of those persons.

However, with respect to this Resolution, the Company need not disregard a vote cast in favour of the Resolutions by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with the directions given to the proxy or attorney to vote on the Resolutions in that way; or*
- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with a direction given to the Chairman to vote on the Resolutions as the Chairman decides; or*
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions; and*
 - the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.*

Resolution 10 – Approval of additional 10% Placement Capacity

To consider, and if thought fit, to pass the following Resolution as a special resolution:

“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities up to 10% of the fully paid ordinary issued capital of the Company (at the issue date or the date of agreement to issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of equity securities under the increased placement capacity under ASX Listing Rule 7.1A, or any associate of those persons, except as a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or*
- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or*
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Note: *In accordance with ASX Listing Rule 14.11.1 and the relevant note under that rule concerning Listing Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no Shareholders are currently excluded from voting.*

Resolution 11 – Renewal of Proportional Takeover Provisions

To consider, and if thought fit, to pass the following Resolution as a special resolution:

“That, with effect from the close of the Meeting and in accordance with section 648G of the Corporations Act, the Proportional Takeover Provisions set out in clause 21 of the Constitution, be renewed for a period of three years.”

SPECIAL BUSINESS

Resolutions 12a-c - Approval of amendments to Option terms

To consider, and if thought fit, to pass the following Resolutions as ordinary resolutions:

“That, subject to ASX granting the Company a waiver from Listing Rule 6.23.3 on terms acceptable to the Company, for the purposes of ASX Listing Rule 6.23.4 and for all other purposes, Shareholders approve an amendment to the terms of all Options of the class:

- a) Unlisted Options Expiring 28 November 2027, exercise price \$0.10 (ASX:CG1AZ)*
- b) Unlisted Options Expiring 25 February 2028, exercise price \$0.10 (ASX:CG1AA)*
- c) Unlisted Options Expiring 16 April 2029, exercise price \$0.10 (ASX:CG1AB)*

on issue to provide for a 10% per annum early-exercise incentive discount to the exercise price, calculated from the date of approval by Shareholders and accruing to the maturity date of each class of Option, as further described in the Explanatory Statement accompanying this Notice of Meeting, with such discount to lapse and Option exercise prices to revert to their original terms on and from 31 December 2026 (or the date of exercise, if earlier).”

Voting Exclusion Statement:

Resolution 12a - The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who holds CG1AZ Options that are the subject of this Resolution, or any of their associates.

Resolution 12b - The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who holds CG1AA Options that are the subject of this Resolution, or any of their associates.

Resolution 12c - The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who holds CG1AB Options that are the subject of this Resolution, or any of their associates.

However, this does not apply to a vote cast in favour of the Resolutions by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolutions in that way; or
- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with a direction given to the Chairman to vote on the Resolutions as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions; and
 - the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 13a-c – Approval of an issue of Shares to Directors

To consider, and if thought fit, to pass the following Resolutions as ordinary resolutions:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of:

- (a) Shares to the value of \$100,000 to Warren Murphy (or his nominee) (WM Shares)*
- (b) Shares to the value of \$100,000 to Matthew Driscoll (or his nominee) (MD Shares)*
- (c) Shares to the value of \$100,000 to Nicholas Andrews (or his nominee) (NA Shares)*

on such terms and conditions as set out in the Explanatory Statement.”

Voting Exclusion Statement:

Resolution 13a - The Company will disregard any votes cast in favour of the Resolution by or on behalf of Warren Murphy and any other person who will obtain a material benefit as a result of the proposed issue of the WM Shares and their associates (except a benefit solely by reason of being a holder of Shares).

Resolution 13b - *The Company will disregard any votes cast in favour of the Resolution by or on behalf of Matthew Driscoll and any other person who will obtain a material benefit as a result of the proposed issue of the MD Shares and their associates (except a benefit solely by reason of being a holder of Shares).*

Resolution 13c - *The Company will disregard any votes cast in favour of the Resolution by or on behalf of Nicholas Andrews and any other person who will obtain a material benefit as a result of the proposed issue of the NA Shares and their associates (except a benefit solely by reason of being a holder of Shares).*

However, with respect to Resolutions 13a – 13c inclusive, the Company need not disregard a vote cast in favour of the Resolutions by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- the Chairman as proxy or attorney for a person who is entitled to vote on the Resolutions, in accordance with the direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions; and the holder votes on the Resolutions in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 14 – Approval of an issue of Convertible Notes

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 500,000 Convertible Notes to Pure on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Pure, or any of its associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 15 – Approval of an issue of Options

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 7,500,000 Options to Pure, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Pure, or any of its associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or

- *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Resolution 16 - Approval Under Section 611 Item 7 of the Corporations Act

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

“That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve Phelbe Pty Ltd acquiring a relevant interest in the ordinary shares of the Company such that Phelbe Pty Ltd's voting power in the Company may increase from approximately 12.3% to a maximum of 29.6%, arising from Phelbe Pty Ltd converting its remaining Convertible Notes into ordinary shares and exercising its remaining Options (as discounted pursuant to Resolutions 12a-c, if applicable), on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement:

In accordance with item 7(a) of section 611 of the Corporations Act, the Company will disregard any votes cast in favour of Resolution 16 by or on behalf of Phelbe Pty Ltd, or any of its associates.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report (**IER**) at Annexure E of this Notice for the purpose of section 611 item 7 of the Corporations Act before voting on this Resolution 16. The IER comments on the fairness and reasonableness of the matters under this Resolution 16 to non-associated Shareholders. The Independent Expert has concluded that the acquisition of the voting power and interest by Phelbe is not fair but reasonable to non-associated Shareholders.

2.2 Voting Eligibility

The Company has determined in accordance with the Corporations Act that for the purpose of voting at the Meeting or adjourned Meeting, Shares will be taken to be held by those persons recorded in the Company's Register of Members as at 7.00pm (AEDT) on 7 November 2026.

2.3 Voting by Proxy

A Shareholder entitled to attend this Meeting and vote, is entitled to appoint a proxy to attend and vote on behalf of that Shareholder at the Meeting.

- A proxy need not be a Shareholder.
- If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of the votes which each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes held by that Shareholder.
- If the Shareholder appoints only one proxy, that proxy is entitled to vote on a show of hands. If a Shareholder appoints two proxies, only one proxy is entitled to vote on a show of hands.
- Where two proxies are appointed, any fractions of votes resulting from the appointment of two proxies will be disregarded.
- A Proxy Form accompanies this Notice.
- Unless the Shareholder specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.
- If a Shareholder wishes to appoint a proxy, the Shareholder should complete the Proxy Form and comply with the instructions set out in that form relating to lodgement of the form with the Company.
- The Proxy Form must be signed by the Shareholder or his or her attorney duly authorised in writing or, if the Shareholder is a corporation, either signed by an authorised officer or attorney of the corporation or otherwise signed in accordance with the Corporations Act.
- If any attorney or authorised officer signs the Proxy Form on behalf of a Shareholder, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority must be deposited with the Proxy Form.
- The Proxy Form (together with any relevant authority) must be received no later than 11.00am (AEDT) on 7 November 2026.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority can be mailed or faxed to the Company at least 24 hours before the Meeting. Alternatively, this document can be lodged at the registration desk on the day of the Meeting.

(a) General

To be effective, the completed Proxy Form together with the power of attorney (if any) under which it is signed, must be received at the Company's corporate registry, Boardroom Pty Ltd, at one of the addresses or the facsimile number below no later than 48 hours before the commencement of the Meeting:

- (i) Online:
- (ii) <https://www.votingonline.com.au/CG1AGM2026>
- (iii) In person:
Level 8, 210 George Street, Sydney NSW 2000
- (iv) By mail:
Boardroom Pty Ltd, GPO Box 3993, Sydney NSW 2001
- (v) By facsimile:

+61 2 9290 9655

Any Proxy Form received later than 48 hours before the commencement of the Meeting will not be valid for the Meeting.

By Order of the Board

Matthew Driscoll
Chairman

3 Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the AGM to be held in person at Level 37, 180 George Street, Sydney NSW 2000 on 9 November 2026 at 11.00am (AEDT).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions at the Meeting. The Notice incorporates, and should be read together, with this Explanatory Statement.

Further information on the Resolutions is set out below.

ORDINARY BUSINESS

3.1 Financial Statements

The Corporations Act requires the Company's financial statements and reports for the last financial year to be presented to the AGM.

The financial statements and reports are contained in Carbonxt's 2026 Annual Report. The 2026 Annual Report is available from Carbonxt website at <https://investorhub.cglimited.com.au/announcements>. While no resolution is required in relation to this Item 1, Shareholders and proxyholders will be given the opportunity to ask questions and make comments on the Company's financial statements and reports.

In addition to asking questions at the AGM, Shareholders may address written questions to the chairman about the management of the Company or to the Company's Auditor, Ernst & Young, if the question is relevant to:

- (a) the content of the Auditor's report; or
- (b) the conduct of its audit of the annual financial report to be considered at the AGM.

Note: Under section 250PA(1) of the Corporations Act, a Shareholder must submit the question to the Company no later than the fifth business day before the day on which the Annual General Meeting is held.

Written questions for the Auditor must be delivered by 5.00pm on 2 November 2026. Please send any written questions for the Auditors to:

The Company Secretary
Carbonxt Group Limited
c/- Source Governance
Level 37, 180 George Street
SYDNEY, NSW 2000

or via email to: cosec@sourceservices.com.au

3.2 **Resolution 1 – Adoption of the Remuneration Report**

The Remuneration Report contained in the 2026 Annual Report is required to be considered by Shareholders in accordance with section 250R of the Corporations Act at the AGM. The Remuneration Report is set out on pages 13 to 19 of the 2026 Annual Report and is also available from the Carbonxt website at <https://investorhub.cglimited.com.au/announcements>. Resolution 1 is advisory only and is not binding.

The Remuneration Report sets out the Company's remuneration arrangements for key management personnel (**KMP**) of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM.

The Board recommends that Shareholders vote in favour of the Remuneration Report.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions of this Meeting, including this Resolution 1, subject to compliance with the Corporations Act.

Voting consequences

Under the Corporations Act, if at least 25% of the votes cast on a remuneration report resolution are voted against the adoption of the Remuneration Report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company at the second annual general meeting (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the Directors of the Company who were in office when the Directors' Report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the Executive Directors of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the Company is approved by the Shareholders will be the Directors of the Company.

At the Company's previous annual general meeting (**2025 AGM**), the votes cast against the remuneration report considered at that 2025 AGM were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3.3 **Resolution 2 - Re-election of Director – Mr Matthew Driscoll**

Resolution 2 seeks approval for the re-election of Mr Matthew Driscoll who retires under the provisions of the Constitution and ASX Listing Rule 14.4. He retires and seeks re-election under clauses 42.1 and 42.2 of the Company's Constitution.

Mr Matthew Driscoll was appointed as a director on 8 May 2019 and last elected by Shareholders at the 2023 AGM. Matthew Driscoll is an experienced company director and capital markets professional with more than 40 years' experience across financial services, investment markets and high-growth industries. He has served on approximately 25 listed and unlisted boards in Chair and Non-Executive Director capacities, bringing extensive expertise in corporate governance, capital markets, mergers and acquisitions, restructuring, risk management and strategic oversight.

Matthew's executive career includes senior roles with major Australian financial institutions and stockbroking firms, advising on equity and debt markets, corporate transactions and investment strategy. Over his career, he has facilitated more than \$5 billion in equity and debt raisings and has played a significant role in listed company restructures, growth initiatives and complex stakeholder engagements.

In addition to his role as Chairman of Carbonxt, Matthew is Chairman of Energy Technologies Limited (ASX: EGY), a Non-Executive Director of Workspace Australia Limited, Deputy Mayor and Councillor of Mount Alexander Shire Council. Matthew is considered by the Carbonxt Board to be an independent Director.

Directors' Recommendation

The Board, excluding Mr Matthew Driscoll, unanimously recommend that Shareholders vote in favour of this Resolution.

The Chairman of the AGM intends to vote any undirected proxies in favour of this Resolution.

3.4 Resolution 3 - Re-election of Director – Mr Nicholas Andrews

Resolution 3 seeks approval for the re-election of Mr Nicholas Andrews who retires under the provisions of the Constitution and ASX Listing Rule 14.4. He retires and seeks re-election under clauses 42.1 and 42.2 of the Company's Constitution.

Mr Andrews was appointed on 12 September 2023 and last elected by Shareholders at the 2023 AGM.

Mr Andrews has a financial services background in investment management and investment banking. From 1996 to 2005 he was a Managing Director at UBS Investment Bank and responsible for global distribution of Australian and New Zealand Equity products. From 1989 to 1996 Nicholas was the Chief Investment Officer at LGT Investment Management in charge of the group's investment portfolios for the Australasian region.

Nicholas has been appointed a Member of Carbonxt's Audit Committee and is considered by the Board to be an independent Director.

Directors' Recommendation

The Board, excluding Mr Nicholas Andrews, unanimously recommend that Shareholders vote in favour of this Resolution.

The Chairman of the AGM intends to vote any undirected proxies in favour of this Resolution.

3.5 Resolution 4 - Renewal of the Employee Option Plan

At its 2020 Annual General Meeting, the Board adopted an Employee Option Plan (**Plan**) to enable the Company to issue Options to eligible participants being employees (full and part-time), Directors and relevant contractors. The Plan was subsequently amended and re-adopted by the Company at its 2023 Annual General Meeting.

The Plan is intended to provide eligible participants to share in the growth in value of the Company and to encourage them to improve the longer-term performance of the Company and its returns to Shareholders.

Any future grant of securities to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained, will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

Listing Rule 7.2 Exception 13

Resolution 4 seeks approval for the renewal of the Plan in accordance with Listing Rule 7.2 (Exception 13).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period (**15% Placement Capacity**). Listing Rule 7.2 (Exception 13) sets out an exception to Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to Listing Rule 7.1. Listing Rule 7.2 (Exception 13) also ceases to be available if there is a material change to the terms of the scheme from those set out in the company's prospectus.

As the 3-year period will expire on 27 November 2026, the Plan must be approved for renewal by Shareholders as an exception under Listing Rule 7.2 (Exception 13) to enable the Company to issue securities under the Plan without impacting the Company's 15% Placement Capacity.

If this Resolution is passed, the Company will have the ability to issue securities to eligible participants under the Plan over a period of 3 years without impacting on the Company's 15% Placement Capacity.

If this Resolution is not passed, and if securities are issued under the Plan (notwithstanding the non-approval), any securities issued will be included in calculating the Company's 15% Placement Capacity, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the issue date.

Specific information required by Listing Rule 7.2 Exception 13(b)

In accordance with Listing Rule 7.2, exception 13(b), the following information is provided in relation to the Amended Plan:

- a summary of the terms of the Plan is set out in Annexure A;
- 4,475,000 Options have been granted under the Plan since the Company's IPO and ASX listing in January 2018, all of which lapsed in November 2021 without exercise. No Options have been granted since the Plan was last approved by Shareholders at the 2023 AGM;
- as at the date of this Notice, the Company proposes to issue a maximum of 7,500,000 securities under the Plan within the three-year period following approval of this Resolution¹; and
- a voting exclusion statement is included in this Notice.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of the Resolution.

The Chairman of the AGM intends to vote any undirected proxies in favour of this Resolution.

3.6 Resolutions 5a-c – Approval of Issue of Related Party Options to Directors**Key terms of Related Party Options**

The Company is proposing to issue and allot a total of 30,500,000 unlisted Options (**Related Party Options**) to Warren Murphy, Matthew Driscoll and Nicholas Andrews (or their nominees) (together the **Directors**) on the key terms set out below.

¹ This maximum number is not intended to be a prediction of the actual number of securities to be issued under the Employee Option Plan but is instead a ceiling for the purposes of Listing Rule 7.2 Exception 13(b).

Total Number of Related Party Options:	
Warren Murphy	17,000,000
Matthew Driscoll	7,500,000
Nicholas Andrews	6,000,000
Exercise Price	\$0.08
Vesting Achievement Date	3 years from the date they are issued
Expiry Date	5 years from the date they are issued
Tranche 1:	
Warren Murphy	8,500,000
Matthew Driscoll	3,750,000
Nicholas Andrews	3,000,000
Vesting condition*	\$0.12 over a 10-trading day VWAP (see details below)
Background to the vesting condition	The vesting condition is met when the 10-trading day VWAP equals or exceeds the relevant hurdle at any term during the 3 year period. If the vesting condition is met that Tranche of Options shall remain vested and exercisable until the Expiry Date. The Options can be exercised partially, in a minimum amount of 500,000. The Directors receive no benefit unless the share price rises 50% from \$0.08 (the closing price on the ASX on 24 September 2026).
Tranche 2:	
Warren Murphy	8,500,000
Matthew Driscoll	3,750,000
Nicholas Andrews	3,000,000
Vesting condition*	\$0.16 over a 10-trading day VWAP (see details below)

Explanation of vesting condition	The vesting condition is met when the 10-trading day VWAP equals or exceeds the relevant hurdle at any term during the 3 year period. If the vesting condition is met that Tranche of Options shall remain vested and exercisable until the Expiry Date. The Options can be exercised partially, in a minimum amount of 500,000. The Directors receive no benefit unless the share price rises 100% from \$0.08 (the closing price on the ASX on 24 September 2026).
---	---

* Each Director must also remain a Director or otherwise engaged by the Company or its subsidiary at the time the vesting condition is satisfied in order for the relevant Related Party Options to vest unless the Board is satisfied that the Director is not a bad leaver. In the case of a bad leaver, the Related Party Options lapse automatically.

Related Party Provisions

Chapter 2E of the Corporations Act requires shareholder approval for a public company to give a financial benefit to a related party, unless an exception applies. As Directors, Warren Murphy, Matthew Driscoll and Nicholas Andrews are considered to be related parties of the Company and the issue of Related Party Options to them will constitute a financial benefit.

An exception to the requirement to obtain shareholder approval in accordance with Chapter 2E applies where the financial benefit constitutes part of the related party's "reasonable remuneration".

The Board, with each Director abstaining in respect to his own Related Party Options, has determined that the grant of Related Party Options to the Directors and any issue of Shares upon the exercise of those Related Party Options constitutes part of the reasonable remuneration of the Directors.

In reaching this conclusion, the Board has had regard to a variety of factors including the Director's current remuneration, the recommendation of its Nomination & Remuneration Committee and market practice for the remuneration offered to persons in comparable positions at comparable companies.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Related Party Options falls within ASX Listing Rule 10.11.1 as Chapter 19 of the ASX Listing Rules defines a related party to include directors and their controlled entities such as any of their nominees. The issue of Related Party Options does not fall within any of the exceptions in ASX Listing Rule 10.12. It therefore requires the approval of Shareholders under ASX Listing Rule 10.11.

Accordingly, Resolutions 5a-c seek approval for the issue of Related Party Options to Warren Murphy, Matthew Driscoll and Nicholas Andrews under and for the purposes of ASX Listing Rule 10.11.

If these Resolutions are passed, the Company will be able to proceed with the issue of Related Party Options to the Director that is the subject of that resolution. The Related Party Options, the subject of Resolutions 5a-c that are passed, will not be included in calculating the Company's 15% Placement Capacity.

If any of the Resolutions are not passed, the Company will not be able to proceed with the issue of the Related Party Options to the relevant Director and the Company will need to develop an alternate plan to adequately remunerate, incentivise and retain the Directors. This may include the payment of cash rather than securities which could decrease the Company's cash reserves.

Resolutions 5a-c are not inter-conditional, meaning that each Resolution will be considered and voted on independently.

Specific information required under ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 5a – 5c:

Recipient	Warren Murphy	Each a Director of the Company and therefore a related party pursuant to ASX Listing Rule 10.11.1 or his nominee.
	Matthew Driscoll	
	Nicholas Andrews	
Number and class of securities to be issued	Warren Murphy	17,000,000 Options
	Matthew Driscoll	7,500,000 Options
	Nicholas Andrews	6,000,000 Options
Material terms of the securities	Exercise Price: \$0.08 per Related Party Option. The Related Party Options do not confer a right to change of exercise price or the number of underlying securities over which it can be exercised. Each Related Party Option converts into one Share. On exercise the Shares issued will rank equally with existing Shares. Vesting Achievement Date: 3 years from the date they are issued Expiry date: 5 years from the date they are issued Exercise period: from the date a Related Party Option vests in accordance with its vesting conditions until the expiry date Vesting Conditions: as outlined in the table above	

	Restructure of Capital: The rights of an option holder will be changed to the extent necessary to comply with the listing rules applying to a reorganisation of capital at the time of the reorganisation. Participating in new issues of underlying Shares: An option holder cannot participate in new issues without first exercising the Option. Dividends & Voting Rights: Options do not confer dividend or voting rights until those Options are exercised into Shares.	
Date of issue	The Related Party Options will be granted as soon as possible following this Meeting and, in any event, no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).	
Price	The Related Party Options will be issued for nil cash consideration. The Related Party Options have an exercise price of \$0.08.	
Purpose of issue	The Related Party Options are being issued to incentivise and remunerate the Directors to achieve certain long-term goals that the Company is prioritising, evident by the vesting conditions outlined in the above table. The number and terms of the Related Party Options to be issued to has been determined based upon a consideration of: (a) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the company; (b) the current remuneration of the Directors; (c) the Company's current and historical Share trading price and financial position; and (d) incentives to motivate the Directors to achieve goals and priorities that would significantly contribute to the growth of the Company. The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options upon the terms proposed.	
Remuneration package of Related Parties	Warren Murphy	For the financial year ending 30 June 2026, \$472,180 comprising of \$448,025 (incl. superannuation) accrued to consulting firms related to Warren Murphy, and \$24,155 of Shares issued in lieu of Director's fees and salary payments.
	Matthew Driscoll	For the financial year ending 30 June 2026, \$128,052 comprising of \$120,000 of Directors' fees and \$8,052 of Shares issued in lieu of Director's fees.
	Nicholas Andrews	For the financial year ending 30 June 2026, \$85,000.
Material terms of agreement	The Related Party Options will be issued to each Director under an invitation letter, inviting the Director to subscribe for their Related Party Options with those terms attaching to those Related Party Options as set out in this notice. The invitation is subject to Shareholder approval under Resolutions 5a-c, respectively and therefore no invitation or Related Party Options will be issued if Resolutions 5a-c are not passed.	

3.7 **Resolutions 6 to 9 ratification of prior issues of securities**

For a description of the operation of Listing Rule 7.1 please refer to section 3.5 of this Explanatory Statement.

The issues of securities considered under Resolutions 6 to 9 were issued under the Company's 15% Placement Capacity and do not fit within any of the exceptions to Listing Rule 7.1.

Listing Rule 7.4 states that where a company's shareholders ratify a prior issue of securities, issued under that company's 15% Placement Capacity (provided the previous issue of securities did not breach Listing Rule 7.1), those securities will be deemed to have been issued or agreed to be issued with shareholder approval for the purposes of Listing Rule 7.1. This has the effect of "refreshing" a company's placement capacity and therefore increasing the number of securities that may be issued under the company's 15% Placement Capacity without the requirement to obtain shareholder approval.

If any of Resolutions 6 to 9 are passed, the securities the subject of the relevant Resolution will be excluded when calculating the Company's 15% Placement Capacity, effectively increasing the number of securities it can issue without Shareholder approval over the 12-month period following the issue date. If any of the Resolutions 6 to 9 are not passed, the relevant securities will be included in calculating the Company's 15% Placement Capacity, effectively decreasing the number of securities it can issue without Shareholder approval.

To this end, Resolutions 6 to 9 seek Shareholder approval to the issues under and for the purposes of Listing Rule 7.4.

The Resolutions are not inter-conditional, meaning that each Resolution will be considered and voted on independently. The refresh effect under Listing Rule 7.4 will occur to the extent that each individual Resolution is approved. If any of Resolutions 6, 7a-c, 8a-c and 9 are not passed, the Company's capacity to issue further securities under Listing Rule 7.1 over the next 12 months without additional Shareholder approval will be reduced accordingly.

Details of the securities issued under Resolutions 6 to 9

Resolution 6

As announced on 5 January 2026, the Company secured \$600,000 in funding through a placement of Shares. On 6 January 2026, 6,666,667 Shares were issued under the Company's 15% Placement Capacity. Of the funds raised, US\$250,000 was further invested in New Carbon Processing, LLC, increasing the Company's ownership interest in the Kentucky facility to 46.7%. The remaining funds were used for working capital purposes. The ratification of 6,666,667 Placement Shares is the subject of Resolution 6.

Resolution 7a-c

As announced in the Company's Half-Year Report on 28 February 2025, the Company entered into a convertible note facility on 27 February 2025 with its major shareholder, Phelbe Pty Ltd (**Phelbe**), raising an initial A\$0.5 million. The Company further increased the facility to a total of A\$3.065 million in 2025 (see 2025 AGM notice for further details).

The Company has a strategic investment in a state-of-the-art activated carbon plant in eastern Kentucky, USA (New Carbon Processing, LLC.). At the end of 2025, the Company held 45.9% interest in the facility and has the right to acquire up to 50%. This was increased to 46.7% following the issued of the January Placement Shares. The issue of February & April Convertible Notes increased the stake to 48.1%. The July Convertible Notes did not contribute to the increased stake in the Kentucky facility. The July Convertible Notes were issued to support the Company's working capital.

As part of the terms of this facility and its subsequent increase, the Company issued convertible notes as follows:

- a) 500,000 convertible notes issued on 25 February 2026 to Phelbe in connection with the further A\$0.25 million facility and A\$0.25 million for working capital (**February Convertible Notes**) utilising the Company's 15% Placement Capacity; (Resolution 7a);
- b) 750,000 convertible notes issued on 16 April 2026 to Phelbe in connection with the further A\$0.75 million increase (**April Convertible Notes**); utilising the Company's 15% Placement Capacity (Resolution 7b); and
- c) 2,000,000 convertible notes issued on 6 July 2026 to Phelbe to raise working capital (**July Convertible Notes**) utilising the Company's 15% Placement Capacity (Resolution 7c);

Resolutions 8a-c

On 25 February 2026, 16 April 2026 and 6 July 2026, the Company announced the issue of convertible notes with attaching options being issued to Phelbe as follows:

- a) 1,666,667 Options issued on 25 February 2026 to Phelbe (**February Options**) in connection with the February Convertible Notes utilising the Company's 15% Placement Capacity. The February Convertible Notes will convert into 5,000,000 Shares based on the conversion price of 10 cents per convertible note. One February Option has been issued for every three Shares to be issued upon conversion of the February Convertible Notes (Resolution 8a);
- b) 2,500,000 options issued on 16 April 2026 to Phelbe (**April Options**) in connection with the April Convertible Notes utilising the Company's 15% Placement Capacity. The April Convertible Notes will convert into 7,500,000 Shares based on the conversion price of 10 cents per convertible note. One April Option has been issued for every three Shares to be issued upon conversion of the April Convertible Notes (Resolution 8b); and
- c) 10,000,000 options issued on 6 July 2026 to Phelbe (**July Options**) in connection with the July Convertible Notes utilising the Company's 15% Placement Capacity. The July Convertible Notes will convert into 20,000,000 Shares based on the conversion price of 10 cents per convertible note. One July Option has been issued for every two Shares to be issued upon conversion of the July Convertible Notes (Resolution 8c).

Resolution 9

On 6 July 2026, the Company announced the issue of A\$1.0M worth of convertible notes to Pure Asset Management (**Pure**), which would be set off against outstanding debt and interest accrued on the existing senior loan facility. A total of 1,000,000 Convertible Notes were issued utilising the Company's 15% Placement Capacity (Resolution 9).

Listing Rule 7.5 Information for Resolutions 6 to 9

The following information is provided in accordance with Listing Rule 7.5:

Resolution 6	
Number and class of securities issued	6,666,667 fully paid ordinary shares
Date of issue	6 January 2026
Issue price	\$0.09 per Share
Total consideration	\$600,000
Allottees	Phelbe Pty Ltd and professional and sophisticated investors. None of the allottees were related parties of the Company. The participants were not: - members of the Company's key management personnel; - advisors to the Company; or - any associates of the above. The Shares, for which ratification is sought under Resolution 6, comprise approximately 1.5% of the Company's non-diluted issued capital (based on the number of shares on issue as at the date of this Notice). Phelbe Pty Ltd is considered a substantial shareholder.
Listing Rule capacity	Listing Rule 7.1 (15% Placement Capacity)
Discount to market	A 10.0% discount to the last closing price (\$0.10), a 7.9% discount to the 5-day VWAP (\$0.098) and a 6.8% discount to the 10-day VWAP (\$0.097) of CG1 shares to 2 January 2026
Terms of securities	Fully paid ordinary shares ranking equally in all respects with existing fully paid ordinary shares on issue.
Use of proceeds	Working capital and a further investment of US\$250,000 in New Carbon Processing, LLC, increasing Carbonxt's ownership interest to 46.7%.

Resolution 7a	
Number and class of securities issued	500,000 Convertible Notes, each with a face value of \$1.00, convertible at \$0.10
Shares on conversion	5,000,000 fully paid ordinary shares
Date of issue	25 February 2026

Issue price	\$1.00 per Convertible Note
Total consideration	\$500,000
Allottee	Phelbe Pty Ltd
Listing Rule capacity	Listing Rule 7.1 (15% Placement Capacity)
Material terms	See Annexure B - February 2026 Convertible Note Terms
Use of proceeds	Working capital and a further investment of US\$250,000 in New Carbon Processing, LLC, increasing Carbonxt's ownership interest to 47.4%.
Resolution 7b	
Number and class of securities issued	750,000 Convertible Notes, each with a face value of \$1.00, convertible at \$0.10
Shares on conversion	7,500,000 fully paid ordinary shares
Date of issue	16 April 2026
Issue price	\$1.00 per Convertible Note
Total consideration	\$750,000
Allottee	Phelbe Pty Ltd
Listing Rule capacity	Listing Rule 7.1 (15% Placement Capacity)
Material terms	See Annexure B – April 2026 Convertible Note Terms
Use of proceeds	Working capital and capital expenditure for further sales at Arden Hills, and a further investment of US\$250,000 in New Carbon Processing, LLC, increasing Carbonxt's ownership interest to 48.1%
Resolution 7c	
Number and class of securities issued	2,000,000 Convertible Notes, each with a face value of \$1.00, convertible at \$0.10
Shares on conversion	20,000,000 fully paid ordinary shares
Date of issue	6 July 2026
Issue price	AUD \$1.00 per Convertible Note
Total consideration	\$2,000,000
Allottee	Phelbe Pty Ltd
Listing Rule capacity	Listing Rule 7.1 (15% Placement Capacity)
Material terms	See Annexure B - July 2026 Convertible Note Terms
Use of proceeds	Working capital and further investment in New Carbon Processing LLC

Resolution 8a	
Number and class of securities issued	1,666,667 unlisted Options
Basis of entitlement	One free-attaching Option for every three Convertible Notes held (1:3)
Exercise price	\$0.10 per Option
Expiry date	25 February 2029
Date of issue	25 February 2026
Consideration	Nil (free-attaching)
Allottee	Phelbe Pty Ltd
Listing Rule capacity	Listing Rule 7.1 (15% Placement Capacity)
Material terms	See Annexure C - Option Terms
Resolution 8b	
Number and class of securities issued	2,500,000 unlisted Options
Basis of entitlement	One free-attaching Option for every three Convertible Notes held (1:3)
Exercise price	AUD \$0.10 per Option
Expiry date	16 April 2029
Date of issue	16 April 2026
Consideration	Nil (free-attaching)
Allottee	Phelbe Pty Ltd
Listing Rule capacity	Listing Rule 7.1 (15% Placement Capacity)
Material terms	See Annexure C - Option Terms
Resolution 8c	
Number and class of securities issued	10,000,000 unlisted Options
Basis of entitlement	One free-attaching Option for every two shares to be issued on conversion (1:2 ratio)
Exercise price	AUD \$0.10 per Option
Expiry date	6 July 2029
Date of issue	6 July 2026

Consideration	Nil (free-attaching)
Allottee	Phelbe Pty Ltd
Listing Rule capacity	Listing Rule 7.1 (15% Placement Capacity)
Material terms	See Annexure C - Option Terms
Resolution 9	
Number and class of securities issued	1,000,000 Convertible Notes, each with a face value of \$1.00, convertible at \$0.10
Shares on conversion	10,000,000 fully paid ordinary shares
Date of issue	6 July 2026
Issue price	AUD \$1.00 per Convertible Note
Consideration	Non-cash - notes issued to fund senior debt interest (set-off against amounts owing to Pure Asset Management)
Allottee	Pure Asset Management
Listing Rule capacity	Listing Rule 7.1 (15% Placement Capacity)
Material terms	See Annexure B - Convertible Note Terms

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolutions 6 to 9.

The Chairman of the AGM intends to vote any undirected proxies in favour of these Resolutions.

3.8 Resolution 10 – Approval of additional 10% Placement Capacity

General

Section 3.5 of this Explanatory Statement sets out an explanation of Listing Rule 7.1.

Separately, under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase its 15% Placement Capacity by an extra 10% to 25% (**10% Placement Capacity**).

An 'eligible entity' for the purposes of ASX Listing Rule 7.1A is an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

This Resolution seeks Shareholder approval by way of special resolution for the Company to have the additional 10% Placement Capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If this Resolution is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% Placement Capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

Resolution 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders entitled to vote and voting on this Resolution for it to be passed.

Subject to Shareholder approval, the number of equity securities the Company may issue under the 10% Placement Capacity will be calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement to issue (the relevant period):

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities under Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4;
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- less the number of fully paid ordinary securities cancelled in the 12 months;

Note that 'A' has the same meaning in the ASX Listing Rule 7.1 when calculating an entity's 15% Placement Capacity.

D is 10%.

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rules 7.1 or 7.4.

Any equity securities issued under the 10% Placement Capacity must be in an existing quoted class of the Company's equity securities. The Company presently has one class of quoted securities, being Shares (ASX Code: CG1).

Listing Rule 7.5 Information for Resolution 10

In accordance with ASX Listing Rule 7.3A, the following information is provided:

(a) **Minimum price**

As required by ASX Listing Rule 7.1A.3, any equity securities issued by the Company under ASX Listing Rule 7.1A can only be issued at a price that is no less than 75% of the volume weighted average market price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- i. the date on which the price at which the securities are to be issued is agreed by the Company and the recipient of the securities; or
- ii. if the securities are not issued within 10 trading days of the date in paragraph (a) above, the date on which the securities are issued.

(b) **Risk of economic and voting dilution to existing Shareholders**

If the Resolution is approved by Shareholders and the Company issues securities under the 10% Placement Capacity, the additional economic and voting interests in the Company will be diluted. There is a risk that the market price of the Company's securities may be significantly lower on the issue date than on the date of the Annual General Meeting and the securities may be issued at a price that is at a discount to the market price on the issue date.

The table below shows a number of potential dilution scenarios for a capital raising which may be conducted under ASX Listing Rule 7.1A as required by ASX Listing Rule 7.3A.4 where the number of the Company's Shares on issue (Variable "A" in the formula in ASX Listing Rule 7.1A.2) has remained current or increased by either 50% or 100% and the Share price has decreased by 50%, remained current or increased by 100% based on the closing Share price on ASX at 25 September 2026.

		Dilution			
Number of Shares on issue (Variable A in ASX Listing Rule 7.1A.2)*		Shares issued – 10% voting dilution	Issue Price		
			\$0.040	\$0.079	\$0.158
			50% Decrease	Issue Price	100% Increase
			Funds Raised		
Current	433,330,377	43,333,038	\$1,711,655	\$3,423,310	\$6,846,620
50% Increase	649,995,566	64,999,557	\$2,567,482	\$5,134,965	\$10,269,930
100% Increase	866,660,754	86,666,075	\$3,423,310	\$6,846,620	\$13,693,240

The above dilution table uses the following assumptions which the Company does not represent will necessarily occur:

- i. the "issue price at current market price" is the closing price of the Shares on ASX on 25 September 2026.
- ii. Variable "A" is 433,330,377 which equates to the number of current Shares on issue at 25 September 2026. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro-rata issue) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders Meeting;

- iii. the Company issues the maximum number of securities available under the additional 10% ASX Listing Rule 7.1A approval;
- iv. the table shows only the effect of issues of securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1;
- v. no Options, convertible notes or warrants are exercised into Shares before the date of issue of equity securities;
- vi. the 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- vii. the table does not show an example of dilution that may be caused to a particular Shareholder by reason of the placements under ASX Listing Rule 7.1A, based on that Shareholder's holding at the date of the Annual General Meeting;
- viii. the issue of Shares under ASX Listing Rule 7.1A consists only of fully paid ordinary shares in the Company; and
- ix. "Funds Raised" are before any capital raising costs which may be incurred.

(c) 10% Placement Period

Shareholder approval under ASX Listing Rule 7.1A is valid from the date of the Annual General Meeting at which approval is obtained until the earlier of:

- i. the date which is 12 months after the date of the Annual General Meeting at which the approval was obtained;
- ii. the time and date of the Company's next Annual General Meeting; or
- iii. the date of approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).

(d) Purpose of additional 10% Placement Capacity

While the Company does not have any immediate plans to issue Shares under the 10% Placement Capacity, the Company may seek to issue securities under the 10% Placement Capacity for cash consideration. Any issue of securities under Listing Rule 7.1A can be made for cash consideration only. The Company may use the funds for working capital, investing activities (including possible complementary business acquisitions if any are identified and approved by the Board), meet financing commitments or capital management activities deemed by the Board to be in the best interests of the Company.

The Company will comply with any disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.3 upon the issue of any securities under ASX Listing Rule 7.1A.

(e) Allocation policy

The Company's allocation policy is dependent upon the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of allottees of equity securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- i. the methods of raising funds that are then available to the Company;
- ii. the effect of the issue of the equity securities on the control of the Company;
- iii. the financial situation and solvency of the Company; and
- iv. advice from professional and corporate advisers (if applicable).

Allottees under any capital raising which may be conducted under the 10% Placement Capacity pursuant to ASX Listing Rule 7.1A have not been determined as at the date of this Notice of Meeting and may include existing and/or new Shareholders but cannot include any related parties or associates of a related party of the Company.

(f) **Previous Issue of Securities under ASX Listing Rule 7.1A**

The Company has not issued any Shares utilising the Company's 10% Placement Capacity since the 2025 annual general meeting.

Compliance with ASX Listing Rules 7.1A.4 and 3.10.3

When the Company issues equity securities pursuant to the 10% Placement Capacity, it will give ASX:

- a) a list of the names of the persons to whom the Company issues the equity securities and the number of equity securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- b) the information required by ASX Listing Rule 3.10.3 for release to the market.

At the date of the Notice of Meeting the Company has not invited and has not determined to invite any particular existing Shareholder or an identifiable class of existing Shareholder to participate in an offer under ASX Listing Rule 7.1A. Accordingly, no existing Shareholder will be excluded from voting on this Resolution.

Special resolution

This Resolution is a special resolution. Accordingly, at least 75% of votes cast by Shareholders entitled to vote and voting on this Resolution must be in favour of the Resolution for it to be passed.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

The Chairman of the AGM intends to vote any undirected proxies in favour of this Resolution.

3.9 **Resolution 11 – Renewal of Proportional Takeover Provisions**

General

This Resolution seeks to renew the Proportional Takeover Provisions contained in clause 21 of the Constitution, and as set out in Annexure D to this Notice. These provisions relate to proportional takeover approval under section 648D of the Corporations Act.

The Proportional Takeover Provisions enable the Company to refuse to register Shares acquired under a proportional takeover bid unless approved by an ordinary resolution of Shareholders. In accordance with the Corporations Act, these provisions are effective for a maximum of three years, unless renewed.

These provisions were last approved at the Company's 2023 AGM, and so will cease to be in effect from 27 November 2026 and will be deemed to be omitted from the Company's Constitution until they are renewed.

The Directors believe it is appropriate to renew with the Proportional Takeover Provisions in the Constitution. If renewed, the Proportional Takeover Provisions will operate for three years from the date of the Meeting and after that time will cease to apply unless renewed by a further special

resolution of Shareholders. Accordingly, a special resolution is being put to Shareholders under section 648G of the Corporations Act to renew clause 21 of the Constitution. A special resolution requires approval of 75% of the votes cast by Shareholders present and eligible to vote.

If Resolution 11 is passed, then for 21 days after the Meeting, the holders of not less than 10% (by number) of the Company's Shares have the right to apply to the Court to have the Resolution set aside. The Court may set aside the Resolution if the Court is satisfied in all the circumstances that it is appropriate to do so.

The Corporations Act requires the Company to include the following information in this Notice as the Notice contains a resolution seeking Shareholder approval to renew the Proportional Takeover Provisions:

(a) What is a proportional takeover bid?

A proportional takeover bid is a takeover bid that is sent to all shareholders in a class, offering to purchase a specified proportion only (not all) of each shareholder's shares. If a shareholder accepts, the shareholder disposes of that specified portion and retains the balance.

(b) Effects of the Proportional Takeover Provisions

The effects of the Proportional Takeover Provisions are that:

- if a proportional takeover bid is made for any class of shares in the Company, the Directors must ensure that a meeting of Shareholders of that class is convened where a resolution to approve the proportional takeover bid is voted on. The vote is decided on a simple majority. The bidder and its associates are excluded from voting on that approving resolution;
- the meeting and the vote on the approving resolution must take place more than 14 days before the last day of the bid period;
- if the approving resolution is rejected before the deadline, the bid cannot proceed, and the offer will be taken to have been withdrawn. Any transfers giving effect to takeover contracts for the bid will not be registered and all offers under the takeover bid are taken to be withdrawn and all takeover contracts must be rescinded;
- if the approving resolution is not voted on, the bid will be taken to have been approved; and
- if the approving resolution is passed (or taken to have been approved), the transfers must be registered (subject to other provisions of the Corporations Act and the Constitution).

The Proportional Takeover Provisions do not apply to full takeover bids.

(c) Reasons for the Proportional Takeover Provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having an opportunity to dispose of all their Shares. That is, Shareholders are exposed to the risk of being left as minority Shareholders in the Company by not being able to sell their entire shareholding into a proportional takeover offer. Also, by making a proportional bid, a bidder could obtain practical control of the Company by acquiring less than a majority interest. This might allow a bidder to acquire control without payment of an adequate control premium.

The Directors believe that the Proportional Takeover Provisions are desirable to give Shareholders protection from the risks inherent in proportional takeover bids. The existing provisions proposed to be renewed allow Shareholders to decide if a proportional takeover bid is acceptable in principle and may assist in ensuring that any proportional takeover bid is appropriately priced.

To assess the merits of the Proportional Takeover Provisions, Shareholders should make a judgment as to what events are likely to occur in relation to the Company during the three-year life of the provisions if renewed with Shareholder approval.

As at the date of this Notice, the Directors of the Company are not aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company. For these reasons, the Board considers it appropriate to seek to renew the Proportional Takeover Provisions.

(d) Potential Advantages and Disadvantages of the Proportional Takeover Provisions

The Corporations Act requires this Notice to discuss the potential advantages and disadvantages for Directors and Shareholders of the Proportional Takeover Provisions proposed to be renewed. The provisions were first adopted prior to the Company's IPO, in November 2017.

The Directors consider that the Proportional Takeover Provisions have no potential advantages or disadvantages for any of them, and that they would remain free to make a recommendation on whether or not to accept an offer under a proportional takeover bid.

The Directors note that it could be argued that the Proportional Takeover Provisions are an advantage to them as a takeover defence mechanism that could be exploited to entrench the incumbent Board of Directors. However, the Directors believe that argument ignores the basic objective of the Proportional Takeover Provisions, which is to empower Shareholders not the Directors.

The advantages that Shareholders may have experienced since the Proportional Takeover Provisions were adopted include:

- Shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- the provisions may assist Shareholders and protect them from being locked in as a minority;
- the provisions increase the bargaining power of Shareholders and may assist in ensuring that any proportional takeover bid is adequately priced; and
- each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders and assist in deciding whether to accept or reject an offer under a proportional takeover bid.

The disadvantages that Shareholders may have experienced since the Proportional Takeover Provisions were adopted include:

- Proportional takeover bids for Shares in the Company may be discouraged;
- Shareholders may lose an opportunity to sell some of their Shares at a premium;
- individual Shareholders may consider that the proportional takeover provisions would restrict their ability to deal with their Shares as they see fit; and
- the likelihood of a proportional takeover bid succeeding may be reduced.

(e) Previous operation of Clause 21

The Corporations Act also requires this Notice to retrospectively address the advantages and disadvantages for Directors and Shareholders of the Proportional Takeover Provisions which are proposed to be renewed.

During the time that the Proportional Takeover Provisions have been in effect there have been no proportional takeover bids for the Company. The Directors are also not aware of any potential proportional takeover bid that was discouraged by the proportional takeover provisions. The Directors are therefore unable to point to any more specific advantages or disadvantages evident from the operation of the current provisions during the period of their operation.

(f) Knowledge of any acquisition proposals

Apart from the general considerations above, as at the date of this Notice, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Those Directors, who are also Shareholders, have the same interest in the Resolution as all Shareholders.

Special resolution

This Resolution is a special resolution. Accordingly, at least 75% of votes cast by Shareholders entitled to vote and voting on this Resolution must be in favour of the Resolution for it to be passed.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of the Resolution.

The Chairman of the AGM intends to vote any undirected proxies in favour of this Resolution.

SPECIAL BUSINESS**3.10 Background**

The Company has agreed a restructuring plan with its two largest financial stakeholders, Phelbe and Pure, designed to substantially strengthen the Company's balance sheet as its Kentucky activated carbon facility moves into commercial production. The first stage of the restructuring was completed in July 2026, with Phelbe subscribing for A\$2.0 million of new convertible notes providing fresh cash to support near-term operational requirements, and Pure subscribing for A\$1.0 million of convertible notes set off against outstanding debt and accrued interest on the existing senior loan facility (the remaining A\$0.5 million of Pure's convertible note subscription is subject to Shareholder approval at this Meeting under Resolution 14).

Certain elements of the recapitalisation require Shareholder approval and are being put to Shareholders at this AGM. Approvals sought include:

- (a) amendments to the terms of a certain number of existing unlisted Options held by Phelbe to provide a 10% per annum early-exercise discount as a conversion incentive (**Early-conversion Incentive**); and
- (b) approval under item 7 of section 611 of the Corporations Act to permit Phelbe to increase its voting power above 20% (to approximately 29.6%) through the conversion of

its remaining convertible notes into equity and the exercise of its remaining options, without the need to make a takeover bid.

Phelbe Pty Ltd and Pure Asset Management are not considered related parties for the purposes of Chapter 10 of the ASX Listing Rules.

Resolutions 12a-c – Approval of amendments to Option terms

Subject to ASX granting the Company a waiver from Listing Rule 6.23.3 on terms acceptable to the Company, the Company seeks Shareholder approval pursuant to Listing Rule 6.23.4 to offer the Early-conversion Incentive to three classes of unlisted options on issue (being ASX ticker codes CG1AZ, CG1AA and CG1AB) (**Relevant Options**). Even after the discount, all conversion and exercise prices will be above the Company's share price on the day of announcement of the Early-conversion Incentive (6 July 2026) of A\$0.068.

The Early-conversion Incentive is offered by the Company to encourage Phelbe to bring forward the conversion of their convertible notes and the exercise of their Relevant Options. The incentive applies to Phelbe's convertible notes and its Relevant Options; it does not apply to Pure's warrants.

As the discount accrues at 10% per annum to maturity, the effective price varies by instrument, with longer-dated securities receiving a larger reduction. Details of the exercise price variation for each Relevant Option is set out below.

Scope of the Discount

The discount is calculated as 10% per annum, accruing from the date of Shareholder approval to the maturity (expiry) date of each Option class. The discounted exercise price is calculated as follows:

Discounted Exercise Price = Original Exercise Price × (1 – (10% × Years to Expiry from date of approval))

The table below sets out each class of Relevant Option on issue, together with the indicative discounted exercise price.

Resolution	ASX Code	Description	Number on Issue	Exercise Price	Approx. Years to Expiry (from 9 Nov 2026)	Indicative Discount	Indicative Discounted Exercise Price
12a	CG1AZ	Option expiring 28 Nov 2027 ex \$0.10	17,500,000	\$0.10	2 years	14.1%	\$0.086
12b	CG1AA	Option expiring 25 Feb 2028 ex \$0.10	1,666,667	\$0.10	2.25 years	16.5%	\$0.084
12c	CG1AB	Option expiring 16 Apr 2029 ex \$0.10	2,500,000	\$0.10	2.5 years	27.9%	\$0.072

Indicative Financial Impact

Should Phelbe take advantage of the Early-conversion Incentive, it is estimated this would raise approximately A\$1.8 million in cash. Subject to increased customer demand, the proceeds would be used to fund an expansion of one of the Company's three facilities or to retire debt.

The decision to participate in the offer is entirely at the discretion of individual holders.

Lapse of Incentive

The Early-conversion Incentive offer will lapse on 31 December 2026, after which the Relevant Options' exercise prices will revert to their original terms.

Listing Rule 6.23.3

Listing Rule 6.23.3 provides that a change to an option which has the effect of reducing the exercise price, increasing the period of exercise or increasing the number of securities received on exercise cannot be made. The Early-conversion Incentive constitutes a change to the terms of the Relevant Options.

The Company will apply to ASX for a waiver in respect of Listing Rule 6.23.3 to allow the Early-conversion Incentive to be applied to the Relevant Options, subject to shareholder approval being obtained in respect of this change. There is no guarantee that a waiver will be granted.

If ASX does grant a waiver, the Company expects it will be a condition of the waiver that the Company seeks Shareholder approval for the Early-conversion Incentive to apply to the Relevant Options. Accordingly, Shareholder approval is being sought pursuant to Resolutions 12a-c.

If ASX does not grant a waiver or does not grant a waiver on terms acceptable to the Company, Resolutions 12a-c will be withdrawn and not put before Shareholders at the Meeting.

If ASX grants a waiver and Resolutions 12a-c are passed, the Company will amend the terms of the three classes of Options on issue to apply the Early-conversion Incentive, with effect from the date of Shareholder approval. The Early-conversion Incentive will remain in effect until the earlier of exercise or 31 December 2026, after which the original exercise price will apply.

Once the conditions of Stage 2 are satisfied, Phelbe will convert A\$2.0 million of existing convertible notes into equity at approximately A\$0.077 per share and exercise its 37.9 million options at approximately A\$0.09 per share, raising approximately A\$3.54 million in cash. Pure will exercise its 64 million warrants at approximately A\$0.07 per share and its 5.03 million options at approximately A\$0.10 per share. The Company will apply Pure's proceeds of approximately A\$4.98 million directly to reduce the senior debt facility from A\$15.0 million to approximately A\$10.0 million, and Pure will remove all financial covenants for the remaining life of the senior loan, which matures on 31 May 2027.

If ASX grants a waiver and Resolutions 12a-c are not passed, the Early-conversion Incentive will not be implemented and holders of Relevant Options will continue to hold the Relevant Options on their existing terms. Stage 2 of the restructuring plan will be adversely affected as it is conditional upon, amongst other things, the approval of these Resolutions.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolutions 12a-c.

The Chairman intends to vote any undirected proxies in favour of Resolutions 12a-c.

3.11 Resolutions 13a-c – Approval of an issue of Shares to Directors**Background**

The Company is proposing, subject to Shareholder approval, to issue:

- (a) Shares to the value of \$100,000 to Warren Murphy (or his nominee) (**WM Shares**) (Resolution 13a);
- (b) Shares to the value of \$100,000 to Matthew Driscoll (or his nominee) (**MD Shares**) (Resolution 13b); and

- (c) Shares to the value of \$100,000 to Nicholas Andrews (or his nominee) (**NA Shares**) (Resolution 13c),

in lieu of payment of part of their Director fees (together the **Directors Investment Shares**).

The Directors Investment Shares fall within ASX Listing Rule 10.11.1 as Chapter 19 of the ASX Listing Rules defines a related party to include directors and their controlled entities such as any of their nominees. The Directors Investment Shares do not fall within any of the exceptions in ASX Listing Rule 10.12. It therefore requires the approval of Shareholders under ASX Listing Rule 10.11. For a general explanation of Listing Rule 10.11, please refer to section 3.6 of this Explanatory Statement.

Accordingly, Resolutions 13a-c seek approval for the issue of Directors Investment Shares to the Directors under and for the purposes of ASX Listing Rule 10.11.

If these Resolutions are passed, the Company will be able to proceed with the issue of the Directors Investment Shares to the Director that is the subject of that Resolution. The Shares that are the subject of the Resolution that is passed will not be included in calculating the Company's 15% Placement Capacity.

If any of the Resolutions are not passed, the Company will not be able to proceed with the issue of the relevant Director Investment Shares to the relevant Director and the Company will need to develop an alternate plan to adequately remunerate, incentivise and retain that Director. This may include the payment of cash rather than securities which could decrease the Company's cash reserves.

The Resolutions are not inter-conditional, meaning that each Resolution will be considered and voted on independently.

Related Party Provisions

Chapter 2E of the Corporations Act requires shareholder approval for a public company to give a financial benefit to a related party, unless an exception applies. As Directors, Warren Murphy, Matthew Driscoll and Nicholas Andrews are considered to be related parties of the Company and the issue of Directors Investment Shares to them will constitute a financial benefit.

An exception to the requirement to obtain shareholder approval in accordance with Chapter 2E applies where the financial benefit constitutes part of the related party's "reasonable remuneration".

The Board, with each Director abstaining in respect to his own Director Investment Shares, has determined that the grant of Directors Investment Shares to the Directors constitutes part of the reasonable remuneration of the Directors.

In reaching this conclusion, the Board has had regard to a variety of factors including the Director's current remuneration, the recommendation of its Nomination & Remuneration Committee and market practice for the remuneration offered to persons in comparable positions at comparable companies.

Specific information required by ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11, the following information is provided to Shareholders in respect of these Resolutions:

Recipient	Warren Murphy	Each a Director of the Company and therefore a related party pursuant to ASX Listing Rule 10.11.1 or his nominee.
	Matthew Driscoll	
	Nicholas Andrews	
Number and class of securities to be issued	Warren Murphy	Shares to the value of \$100,000
	Matthew Driscoll	Shares to the value of \$100,000
	Nicholas Andrews	Shares to the value of \$100,000
	Number of Shares to be issued/Share Price: To be determined using a 5-day VWAP calculated from the date of approval of the issue. Formula for calculating the shares to be issued to each Director will be value/(5-day VWAP from and including the date of approval)	
Date of issue	The Director Investment Shares will be granted as soon as possible following this Meeting and, in any event, no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).	
Price	The Director Investment Shares will be issued in lieu of payment of part of the Directors' fees; accordingly, no funds will be raised from their issue.	
Purpose of issue	The Director Investment Shares are being issued to remunerate the Directors. The number and value of the Director Investment Shares to be issued to has been determined based upon a consideration of: (a) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the company; (b) the current remuneration of the Directors; (c) the Company's current and historical Share trading price and financial position; and (d) incentives to motivate the Directors to achieve goals and priorities that would significantly contribute to the growth of the Company. The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed.	
Remuneration package of Related Parties	Warren Murphy	For the financial year ending 30 June 2026, \$472,180 comprising of \$448,025 (including superannuation) accrued to consulting firms related to Warren Murphy and \$24,155 of Shares issued in lieu of Director's fees and salary payments.
	Matthew Driscoll	For the financial year ending 30 June 2026, \$128,052 comprising of \$120,000 of Directors' fees and \$8,052 of Shares issued in lieu of Director's fees.
	Nicholas Andrews	For the financial year ending 30 June 2026, \$85,000.

3.12 Resolutions 14 & 15 – Approval of the issue of Additional Pure Convertibles Notes and Attaching Options

As announced on 6 July 2026, Pure subscribed for A\$1.5M worth of new Convertible Notes, the subscription price of which was set off against outstanding debt and accrued interest on the existing senior loan facility.

The issue of 1,000,000 of these new Convertible Notes to Pure was made under the Company's 15% Placement Capacity (being the '**Pure Convertible Notes**') and is the subject of Resolution 9. The remaining A\$0.5 million of new Convertible Notes and the issue of the attaching Options to Pure were not able to be issued under the Company's 15% Placement Capacity and does not fall within any Listing Rule 7.2 exceptions. Shareholders are therefore asked to approve, pursuant to ASX Listing Rule 7.1, the issue of 500,000 Convertible Notes (**Additional Pure Convertible Notes**) and the issue of 7.5M attaching Options (**Attaching Options**) to Pure on the terms summarised in this Explanatory Statement. For a general explanation of Listing Rule 7.1, please see section 3.5 of this Explanatory Statement.

Pure is not considered a related party of the Company for the purposes of Chapter 10 of the ASX Listing Rules.

Resolution 14 seeks Shareholder approval to issue the Additional Pure Convertible Notes and Resolution 15 seeks Shareholder approval to issue the Attaching Options under and for the purposes of Listing Rule 7.1.

If these Resolutions are passed, the Company will be able to proceed with the issue of Additional Pure Convertible Notes and Attaching Options. In addition, these securities will be excluded from the calculation of the number of equity securities the Company can issue without Shareholder approval under Listing Rule 7.1. Resolutions 14 and 15 are not inter-conditional, meaning that each Resolution will be considered and voted on independently.

If Resolution 14 and/or 15 are not passed but one or more of the earlier ratification Resolutions (Resolutions 6 to 9) are approved, the Company may still have sufficient capacity to issue some or all of the Pure Convertible Notes and Options under Listing Rule 7.1. If Resolutions 6 to 9 (the earlier ratification resolutions) are not passed, the Company will not have sufficient capacity to issue the Pure Convertible Notes and Options unless Resolutions 14 and 15 are also approved.

Information required by Listing Rule 7.3

The following information is provided in accordance with Listing Rule 7.3:

Resolution 14	
Number and class of securities	500,000 Convertible Notes, each with a face value of \$1.00 per note
Allottee	Pure Asset Management
Issue price	AUD \$1.00 per Additional Pure Convertible Note
Total consideration	\$500,000 set off against outstanding debt and interest accrued on the existing senior loan facility (non-cash)
Conversion price	AUD \$0.10 per share
Shares on conversion	5,000,000 fully paid ordinary shares

Intended issue date	As soon as practicable following Shareholder approval at the AGM and no later than three months from the date of the Meeting
Material terms	See Annexure B - Pure Convertible Note Terms
Purpose	Consideration for the partial set-off of Pure Asset Management's senior loan facility, in connection with the restructuring plan announced on 6 July 2026
Resolution 15	
Number and class of securities	7,500,000 unlisted Options
Allottee	Pure Asset Management
Exercise price	AUD \$0.10 per Attaching Option
Expiry date	6 July 2029 (three years from the date of the underlying Convertible Note issue)
Basis of entitlement	One unlisted Option for every two shares issued on conversion of Pure's Convertible Notes and Additional Convertible Notes
Consideration	Nil (free-attaching)
Intended issue date	As soon as practicable following Shareholder approval at the AGM and no later than three months from the date of the Meeting
Material terms	See Annexure C - Option Terms
Purpose	Free-attaching to Pure Asset Management's Convertible Notes as part of the restructuring plan

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolutions 14 and 15.

The Chairman of the AGM intends to vote any undirected proxies in favour Resolutions 14 and 15.

3.13 Resolution 16 - Approval under Section 611 Item 7

Background - Takeover Provisions

Under the takeover provisions of the Corporations Act, a person must not acquire a relevant interest in voting shares of a listed company if, as a result of that acquisition, the acquirer's voting power in the company would increase from 20% or below to more than 20%, or from a starting point above 20% (section 606(1)).

Under these provisions, Phelbe cannot, unless an exception applies, acquire more than a 20% shareholding unless it makes a takeover offer for all the Company's Shares. This prohibition will prevent Phelbe acquiring more than a 20% shareholding through conversion of its Convertible Notes and exercise of Options unless an exception applies.

One exception is that Shareholders can approve the increase of Phelbe's shareholding above 20% under section 611 item 7 of the Corporations Act.

How Phelbe's Voting Power Would Increase

Shareholder approval is sought to permit Phelbe to convert its remaining Convertible Notes to equity and exercise its remaining Options, raising approximately A\$0.4M in cash, which will result in an increase above 20% (to a maximum of 30.3% if entitlement options held by other option holders who are not Phelbe and Pure are not exercised) without a takeover bid.

The increase above the 20% threshold would arise from Phelbe converting its remaining Convertible Notes into equity and exercising its remaining Options. Approximately A\$3.54 million in cash if the options with an expiry date of 6 July 2029 are not exercised, or approximately \$4.54m if those options are exercised, would be raised in cash (from options – see Section 3.11 for pre and post early discount exercise prices), reduced to approximately , with the balance of the increase comprising approximately A\$3.8 million of debt converted into equity (the remaining notes and capitalised interest, together with the new A\$2.0 million convertible note).

Current Shareholding Position

	Number of Shares	Voting Power (%)
Total Shares on issue (as at 24 September 2026)	433,330,377	—
Phelbe's current shareholding	53,504,264	12.3%
Shares to be issued on conversion of remaining Convertible Notes	87,297,113	—
Exercise of Pure's Warrants	64,000,000	
Shares to be issued on exercise of remaining Options*	51,374,302	—
Non-Phelbe and Pure held entitlement options exercised expiring on 29 November 2026	23,207,919	
Phelbe's maximum voting power following completion	195,425,679	~29.6%
Voting power of other Shareholders post-completion	463,784,032	70.4%

*Assumes all Phelbe held options are exercised, as well as the unquoted options held by Pure.

Stage 2 Conditions

This stage is subject to two conditions: approval by Shareholders at this AGM, and the commencement of operations at the Kentucky facility. For these purposes, commencement of operations means independent engineer certification that the plant is operational, together with the achievement of an initial revenue milestone of US\$1 million.

Following the completion of Stage 2, Phelbe and Pure are expected to hold approximately 19.6% and 15.7% of the Company, respectively, subject to the additional conversion and exercise permitted by Resolution 16, following which Phelbe's interest would increase to approximately 23% (if all other convertible noteholders convert, all unquoted options are exercised and the listed options are exercised).

Information Required by Item 7 of Section 611

For Shareholders to approve this Resolution, section 611 item 7 of the Corporations Act requires the following information to be provided in or accompanying the notice of meeting:

- (a) **Identity of the acquirer:** Phelbe Pty Ltd.

- (b) **Maximum extent of the increase in voting power:** From approximately 12.3% to approximately 30.3% if only interests of Pure and Phelbe are exercised or converted and approximately 23% if all other listed and unlisted options are exercised.
- (c) **Reasons the acquirer wants to acquire the voting power:** Phelbe will convert A\$2.0 million of notes to equity and exercise its options in connection with Stage 2 of the restructuring plan, to provide the Company with approximately A\$3.54 million in cash and to convert approximately A\$3.8 million of debt into equity, thereby materially strengthening the Company's balance sheet.
- (d) **The circumstances in which the voting power will be acquired:** The acquisition of voting power above 20% will occur upon Phelbe converting its remaining Convertible Notes into ordinary Shares at a conversion price of A\$0.10 per share and exercising its remaining Options at a discounted exercise price of approximately A\$0.085 per Option (if Resolutions 12a-c are approved). These acts are conditional upon (i) Shareholder approval of this Resolution and (ii) commencement of Kentucky operations.
- (e) **When can the Convertible Notes be converted and the Options exercised:** The Options can be exercised by Phelbe and the Convertible Notes converted subject to the Stage 2 Conditions having been satisfied.
- (f) **Intentions of Phelbe regarding the future of the Company if Shareholders approve the acquisition:** Phelbe has informed the Company that it has no present intention:
- a. to change the business of the Company;
 - b. to inject further capital into the Company other than that set out in this Notice;
 - c. to change the future employment of present employees of the Company;
 - d. to transfer any assets between the entity and itself; and
 - e. to change the deployment of the fixed assets of the company.
- (g) **Financial information:** Phelbe is an unlisted proprietary company and there is no publicly available financial information about Phelbe. Phelbe has confirmed to the Company that it is not aware of any other information that is material to Shareholders' consideration of this Resolution. The financial substance of the transaction, including the cash to be raised on exercise of the Convertible Notes and Options, and the conversion of debt to equity described above, is addressed in this Notice, and the Independent Expert's Report has separately assessed whether the acquisition of voting power above 20% is fair and reasonable to non-associated Shareholders, having regard to those financial effects.
- (h) **Director interests:** No Director has any interest in the Phelbe Options or Convertible Notes or the Shares to be issued on exercise or conversion of these securities. It is not proposed that there will be any change to the Directors or management of the Company in the event Shareholders approve this Resolution.
- (i) **Independent Expert's Report:** ASIC Regulatory Guide 74 provides that, to satisfy the obligation to disclose all material information on how to vote on Resolution 16, the Directors should provide Shareholders with an independent expert report (IER). An IER has been prepared by Leadenhall to assess the fairness and reasonableness of the proposed acquisition of the voting power and interest by Phelbe. The Independent Expert has determined that the proposed acquisition of the voting power and interest by Phelbe is not fair but reasonable to the non-associated Shareholders. The IER is annexed to this Notice as Annexure E.

If Resolution 16 is passed, Phelbe will be permitted to convert its remaining Convertible Notes into ordinary Shares and exercise its remaining Options (subject also to the commencement of Kentucky operations), increasing its voting power from approximately 12.3% to approximately 23%, if all other listed and unlisted options are exercised and notes converted, or, if only interests of Pure and Phelbe are exercised or converted, to 30.3%. This will enable completion of Stage 2 of the restructuring plan, including the material reduction in the Company's senior debt and the waiver of financial covenants by Pure.

If Resolution 16 is not approved, the issue of the relevant Shares will not proceed. To the extent that the relevant Convertible Notes remain on issue, the Company shall immediately repay to Phelbe the outstanding balance of the relevant Convertible Notes. To the extent that the relevant Options remain on issue, those Options will lapse. Stage 2 of the restructuring plan would be unable to be completed.

Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 16. The Chairman of the Meeting intends to vote any undirected proxies in favour of Resolution 16.

Phelbe and its associates will be excluded from voting on Resolution 16.

4 Glossary

In this Notice of Meeting, unless the context or subject matter otherwise requires:

\$ or A\$	Australian dollars.
15% Placement Capacity	Has the meaning given in Section 3.5 of the Explanatory Statement.
AEDT	Australian Eastern Daylight Time.
AGM or Meeting	The Annual General Meeting of the Company to be held at the time and place specified in Section 2 of this Notice.
ASIC	Australian Securities & Investment Commission.
ASX	ASX Limited (ACN 008 624 691).
ASX Listing Rules or Listing Rules	The Official Listing Rules of the ASX.
Auditor	Ernst & Young
Board	The board of Directors of the Company.
Chairman	Chairman of the Annual General Meeting.
Company or Carbonxt	Carbonxt Group Limited (ACN 097 247 464).
Constitution	The Constitution of the Company.
Convertible Notes	Convertible notes in the Company forming part of the CG1AV class (or as otherwise specified in the relevant Resolution and Explanatory Statement).
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time.
Director	A director of the Company.
Explanatory Statement	The explanatory statement set out in Section 3.
IER or Independent Expert Report	The Independent Expert Report annexed at Annexure E.
Independent Expert or Leadenhall	Leadenhall Corporate Advisory Pty Ltd.
Notice or Notice of Meeting	This document, comprising the notice of general Meeting, the explanatory statement and all annexures.
Option	An option to acquire a Share in the Company
Phelbe	Phelbe Pty Ltd
Proxy Form	The proxy form accompanying the Notice.
Pure	Pure Asset Management Pty Limited (and related entities)
Relevant Options	Has the meaning given in Section 3.10 of the Explanatory Statement.
Resolution(s)	The proposed Resolution(s) set out in Section 2.1.
Share	A fully paid ordinary share in the capital of the Company.
Share Registry or Boardroom	Boardroom Pty Limited.
Shareholder	A holder of a Share.
Stage 1	The first stage of the restructuring plan announced on 6 July 2026, being the immediate issue of convertible notes to Phelbe and Pure as described in the Explanatory Statement
Stage 2	The second stage of the restructuring plan announced on 6 July 2026, being conditional on Shareholder approval at this AGM and the commencement of Kentucky operations

5 ANNEXURE A – EOP KEY TERMS

- (a) The Plan is open to eligible participants (and, if relevant, any Directors or senior employees of a subsidiary of the Company), as determined by the Board.
- (b) The Board may invite eligible participants to participate in the Plan. Participation is voluntary. The Board may determine the number of Options or Shares to be issued under the Plan and other terms of issue of the Plan.
- (c) Each Option enables the holder to be issued one Share upon exercise, subject to the rules governing the Plan (**Plan Rules**) and (if applicable) the ASX Listing Rules.
- (d) An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.
- (e) Options will not be quoted on the ASX.
- (f) Option holders are not permitted to participate in new issues of securities by the Company but adjustments may be made to the number of Shares over which the Options are granted or the exercise price to take into account changes in the capital structure of the Company that occur by way of pro rata and bonus issues in accordance with the Plan Rules and (if applicable) the ASX Listing Rules.
- (g) An offer of Options or Shares may only be made under the Plan if various conditions are met, including that the sum of all Plan Options and Shares on issue and offered under all the Company's employee incentive schemes does not, if all Options are exercised, equate to more than 10% of the Shares on issue by the Company, over a three-year period.

6 ANNEXURE B - CONVERTIBLE NOTE TERMS

TERM	DETAIL
Face Value	\$1.00 per Convertible Note
ASX Quotation	Convertible Notes will not be quoted on ASX
Conversion Price	\$0.10 per Share
Shares on Conversion	Each \$1.00 Convertible Note converts into 10 fully paid ordinary Shares
Maturity	Three years from the date of issue
Interest Rate	9.5% per annum
Security	Pari passu with existing senior debt (Pure Asset Management)
Conversion	Who can convert: The holder of the Convertible Notes may elect to convert the Notes into fully paid ordinary shares of the Company. When they can be converted: Conversion may occur at any time prior to the maturity date of the Notes. Conditions for conversion: Conversion may occur provided the holder has not exercised their right to redemption and the Notes have not been repaid by the Company. Class of equity securities: Each Convertible Note converts into fully paid ordinary shares of the Company. Material terms of underlying securities: Upon conversion, each Note converts into fully paid ordinary shares that rank equally with the Company's existing ordinary shares. Conversion price and number of shares: Each \$1.00 Convertible Note converts into 10 fully paid ordinary shares (based on the \$0.10 conversion price). Price determination if formula-based: The conversion price is fixed at \$0.10 per share and is not determined by reference to a formula
Repayment on maturity	If not converted by the maturity date, and repaid,

7 ANNEXURE C - OPTION TERMS

The following terms apply to the unlisted Options issued in connection with each of the convertible note placements described in this Notice of Meeting:

TERM	DETAIL
ASX quotation	Options will not be quoted on ASX
Exercise price	AUD \$0.10 per Option (for the Relevant Options only, subject to amendment if Resolution 12a-c is approved)
Expiry date	As specified for each class of Options in the relevant Resolution, being three years from the date of issue
Shares on exercise	Each Option entitles the holder to subscribe for one fully paid ordinary Share upon payment of the exercise price
Ranking	Shares issued on exercise rank equally with existing fully paid ordinary Shares
Exercise procedure	Options may be exercised by delivering a duly completed notice of exercise together with payment of the exercise price at any time prior to the expiry date
Adjustment	Terms will be adjusted in accordance with ASX Listing Rules 6.21 and 6.22 for pro rata issues, bonus issues and reorganisations of share capital
Change of exercise price	The Company must not change the exercise price or number of shares over which an Option is exercisable except as permitted by the Listing Rules
Participation in new issues	Optionholders have no right to participate in new issues of securities or dividends unless Options are exercised before the applicable record date
Transferability	Options are transferable subject to restrictions under the Corporations Act and the Company's constitution
Lapse	Any Option not exercised by the expiry date will automatically lapse

8 ANNEXURE D – PROPORTIONAL TAKEOVER PROVISION CLAUSES

21 Proportional takeover bid

-
- 21.1 Registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid is prohibited unless and until an Approving Resolution approving the proportional takeover bid is passed.
- 21.2 A person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the proportional takeover bid was made, held bid class Shares is entitled to:
- (c) vote on an Approving Resolution; and
 - (d) has one vote for each bid class Share held.
- 21.3 Where offers have been made under a proportional takeover bid, the Board must ensure that an Approving Resolution is voted on at a meeting of the persons described in clause 21.2 before the Approving Resolution Deadline.
- 21.4 An Approving Resolution is passed if more than 50% of the votes cast on the resolution are cast in favour of the resolution and otherwise is taken to have been rejected.
- 21.5 The provisions of this Constitution that apply to a general meeting of the Company apply, with such modifications as the circumstances require, to a meeting that is called under this clause 21 as if the meeting was a general meeting of the Company.

21.6 If an Approving Resolution to approve the proportional takeover bid is voted on in accordance with this clause before the Approving Resolution Deadline, the Company must, on or before the Approving Resolution Deadline, give:

- (c) the bidder; and
- (d) each relevant financial market,

a written notice stating that an Approving Resolution to approve the proportional takeover bid has been voted on and whether it was passed or rejected.

21.7 If no resolution has been voted on in accordance with this clause 21 as at the end of the day before the Approving Resolution Deadline, a resolution to approve the proportional takeover bid is taken, for the purposes of this clause 21, to have been passed in accordance with this clause 21.

21.8 Under the Corporations Act, this clause 21 automatically ceases to have effect on that date which is three years:

- (c) after the date of adoption of this Constitution by the Company; or
- (d) if this clause 21 has been renewed since the date of adoption of this Constitution, the date on which this clause 21 was last renewed, provided that the resolution renewing this clause 21 did not state that this clause 21 is renewed for a specified period of less than three years.

9 ANNEXURE E - INDEPENDENT EXPERT'S REPORT

CARBONXT GROUP LIMITED

CONVERSION OF CONVERTIBLE NOTES AND EXERCISE OF OPTIONS

INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE
30 SEPTEMBER 2026



30 September 2026

The Directors
Carbonxt Group Limited
Level 37, 180 George Street
Sydney NSW 2000

Dear Directors,

Independent Expert's Report for Carbonxt Group Limited

1. Introduction

Carbonxt Group Limited ("**Carbonxt**") is an ASX-listed clean technology company that manufactures activated carbon products from production facilities in the United States of America ("**US**"). On 24 September 2026, Carbonxt had a market capitalisation of approximately \$34.2 million.

Carbonxt currently holds a 49.4% interest in NewCarbon, a joint venture entity responsible for the construction of a new activated carbon production facility in Kentucky in the US ("**Kentucky Plant**"). Carbonxt funded its interest in NewCarbon via:

- ◆ Draw down of \$9.5 million on a debt facility provided by Pure Asset Management ("**Pure**") ("**Senior Loan Facility**")
- ◆ The issue of various convertible notes to Phelbe Pty Ltd ("**Phelbe**"), Carbonxt's largest shareholder.

On 3 July 2026, Carbonxt, Pure and Phelbe entered into a recapitalisation agreement to strengthen Carbonxt's balance sheet following defaults under the Senior Loan Facility and ahead of the Kentucky activated carbon facility commencing commercial production ("**Recapitalisation Agreement**"). The recapitalisation comprises:

- ◆ **Phase 1:** the issue of \$3.5 million of convertible notes to Pure and Phelbe, with Pure's \$1.5 million subscription applied as a reduction of outstanding debt under the Senior Loan Facility and Phelbe contributing \$2.0 million in cash ("**Phase 1**"); and
- ◆ **Phase 2:** the exercise of Pure's outstanding warrants and options, the conversion of certain Phelbe convertible notes and exercise of options, and the introduction of a debt reduction program and covenant relief arrangements ("**Phase 2**").

In addition to approvals required in relation to other elements of the Recapitalisation Agreement, Carbonxt is seeking shareholder approval for Phelbe to convert all of its convertible notes and exercise all of its options (including those required under the terms of the Recapitalisation Agreement and all remaining convertible notes and options) (the "**Proposed Transaction**").

Further details of the Proposed Transaction are set out in Section 1 of our detailed report.

2. Purpose of the report

If the Proposed Transaction is approved, Phelbe will increase its interest in Carbonxt from 12.3% to a maximum of 29.6%. An acquisition of securities that enables a shareholder to increase its relevant interest in a public company from below 20% to above 20% is prohibited, except in certain circumstances. One such exception is where the acquisition is approved at a general meeting of the target company. Approval of the Proposed Transaction is therefore being sought at a general meeting of Carbonxt shareholders in accordance with Item 7 ("**Item 7**") of Section 611 of the Corporations Act 2001 ("**s611**").

To assist Carbonxt's shareholders who are not associated with Phelbe ("**Shareholders**") to evaluate the Proposed Transaction, the directors of Carbonxt have engaged Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**") to prepare an Independent Expert's Report assessing whether the Proposed Transaction is fair and reasonable to Shareholders. This report is to be included in the notice of meeting regarding the Proposed Transaction.

Further information regarding our scope and purpose is set out in Section 2 of our detailed report.

3. Basis of evaluation

In accordance with Regulatory Guide 111: Content of Expert Reports ("**RG111**") issued by the Australian Securities and Investments Commission ("**ASIC**"), we have assessed the Proposed Transaction as if it was a takeover offer for Carbonxt. Accordingly, to assess whether the Proposed Transaction is fair and reasonable to Shareholders, we have:

- ◆ Assessed it as fair if the value of a Carbonxt ordinary share after the Proposed Transaction is greater than or equal to the value of a Carbonxt ordinary share before the Proposed Transaction. Our valuation before the Proposed Transaction has been undertaken on a control basis, in accordance with requirements to assess the Proposed Transaction as a takeover offer. Our valuation after the Proposed Transaction has been undertaken on a minority basis as Shareholders will retain a minority interest in Carbonxt after the Proposed Transaction.
- ◆ Assessed it as reasonable if it is fair, or if despite not being fair, the advantages to Shareholders outweigh the disadvantages.

Further details of the basis of evaluation are provided in Section 2 of this report.

4. The Proposed Transaction is not fair

Assessed value of a Carbonxt ordinary share before the Proposed Transaction (control basis)

We have assessed the market value of a Carbonxt ordinary share using the discounted cash flow ("**DCF**") method. Since the Proposed Transaction is dependent on the successful completion of the Recapitalisation Agreement, we have adopted a valuation date of 31 December 2026 being the date by which the conditions of the Recapitalisation Agreement must be satisfied or waived for Phase 2 to complete. The valuation therefore includes cashflows expected to arise after that date.

Our assessed equity value of Carbonxt on a 100% control basis is summarised in the table below.

Table 1: Assessed equity value of Carbonxt (100% control) before the Proposed Transaction

Equity Value Control Basis (Before Proposed Transaction)		
AUD'000	Low	High
Enterprise value (US\$)	76,328	88,615
AUD/USD	0.7166	0.7166
Enterprise value (AU\$)	106,514	123,661
Forecast net debt at 31 December 2026	(10,802)	(10,802)
Equity value (AU\$)	95,711	112,858

Source: Carbonxt and Leadenhall analysis

Our DCF valuation is based on a cash flow model prepared using projections provided by Carbonxt management. We reviewed the key assumptions underlying the projections for reasonableness, made adjustments where appropriate and consider the resulting forecasts reasonable for our purpose. We applied a discount rate of 12% to 14% (nominal, post-tax, weighted average cost of capital ("**WACC**")) to the projected cash flows to derive the enterprise value. Material assumptions are:

- ◆ **Volume and pricing:** volume and pricing are forecast at a production facility level. For the existing operating facilities in Minnesota and Georgia, volume and pricing is estimated by customer. We have assessed these assumptions by reviewing historical performance, customer contracts and recent correspondence with customers. For the Kentucky Plant, volume is based on the production capacity of the plant which is supported by regulatory changes expected to underpin demand for activated carbon products whilst pricing is based on current market pricing for similar products.
- ◆ **Gross profit:** gross margin is forecast at a customer and facility level. The resulting gross margin is consistent with historical actual gross margin with a small improvement primarily as a result of the scale benefits of increased sales volumes.

- ◆ **Other operating expenses:** primarily relate to head office overheads and public company operating costs and are consistent with historical actual expenses.
- ◆ **Capital expenditure:** it is assumed that plant and equipment will be replaced in accordance with the useful lives assessed by the company which are consistent with the useful lives adopted in the audited financial statements of Carbonxt.
- ◆ **Tax:** a blended corporate tax rate of 27% has been applied which is based on the US federal corporate income tax rate of 21% plus state income tax of 6%. We have also included Carbonxt's tax losses in our cash flow projections.

The equity value of Carbonxt has been allocated to the securities on issue before the Proposed Transaction as summarised in the table below.

Table 2: Allocation of equity value (100% control) before the Proposed Transaction

AU\$'000	Low	High
Equity value (control basis)	95,711	112,858
Value allocated to:		
Convertible notes	9,481	9,692
Pure warrants	5,446	7,108
Unquoted options	450	679
Listed loyalty options	6,895	8,608
Option (attached to convertible notes)	3,827	4,998
Ordinary shares	69,612	81,774
Total equity value	95,711	112,858

Source: Carbonxt and Leadenhall analysis

Based on the value attributable to ordinary shares set out in the table above, the value of a Carbonxt ordinary share, on a control basis, before the Proposed Transaction is summarised in the table below.

Table 3: Assessed value of an ordinary share before the Proposed Transaction (control basis)

AU\$'000	Low	High
Equity value attributable to ordinary shares	69,612	81,774
Number of ordinary shares on issue ('000)	456,538	456,538
Value of an ordinary share (\$) (control basis)	0.15	0.18

Source: Carbonxt and Leadenhall analysis

Note: The number of ordinary shares on issue assumes conversion of the 23.2 million entitlement options that mature on 29 November 2026.

Further details of our valuation of Carbonxt before the Proposed Transaction are provided in Section 6 of our detailed report.

Assessed value of a Carbonxt ordinary share after the Proposed Transaction (illiquid minority basis)

Our assessment of the value of a Carbonxt ordinary share after the Proposed Transaction is based on the same DCF analysis, with net debt adjusted for the impact of the Proposed Transaction. Since the Proposed Transaction is dependent on the completion of Phase 2, we have assumed that all Phase 2 requirements are implemented. Our assessed equity value of Carbonxt on a 100% control basis after the Proposed Transaction is summarised in the table below.

Table 4: Assessed equity value of Carbonxt (100% control) after the Proposed Transaction

Equity Value Control Basis (After Proposed Transaction)		
AUD'000	Low	High
Enterprise value (AU\$)	106,514	123,661
Forecast net debt at 31 December 2026	(1,627)	(1,627)
Equity value (AU\$)	104,887	122,034

Source: Carbonxt and Leadenhall analysis

The equity value of Carbonxt has been allocated to the securities on issue after the Proposed Transaction as summarised in the table below.

Table 5: Allocation of equity value (100% control) after the Proposed Transaction

AU\$'000	Low	High
Equity value (control basis)	104,887	122,034
Value allocated to:		
Convertible notes (conversion option)	2,577	2,631
Unquoted options	83	125
Listed loyalty options	5,845	7,146
Option (attached to convertible notes)	882	1,113
Ordinary shares	95,499	111,019
Total equity value	104,887	122,034

Source: Carbonxt and Leadenhall analysis

Based on the value attributable to ordinary shares set out in the table above, the value of a Carbonxt ordinary share, on a minority basis, after the Proposed Transaction is summarised in the table below.

Table 6: Assessed value of an ordinary share after the Proposed Transaction (minority basis)

AU\$	Low	High
Equity value attributable to ordinary shares	95,499	111,019
Number of ordinary shares on issue ('000)	659,210	659,210
Value of an ordinary share (control basis)	0.14	0.17
Discount for lack of control (20% to 25%)	(0.04)	(0.03)
Value of an ordinary share (\$) (Minority basis)	0.11	0.13

Source: Carbonxt and Leadenhall analysis

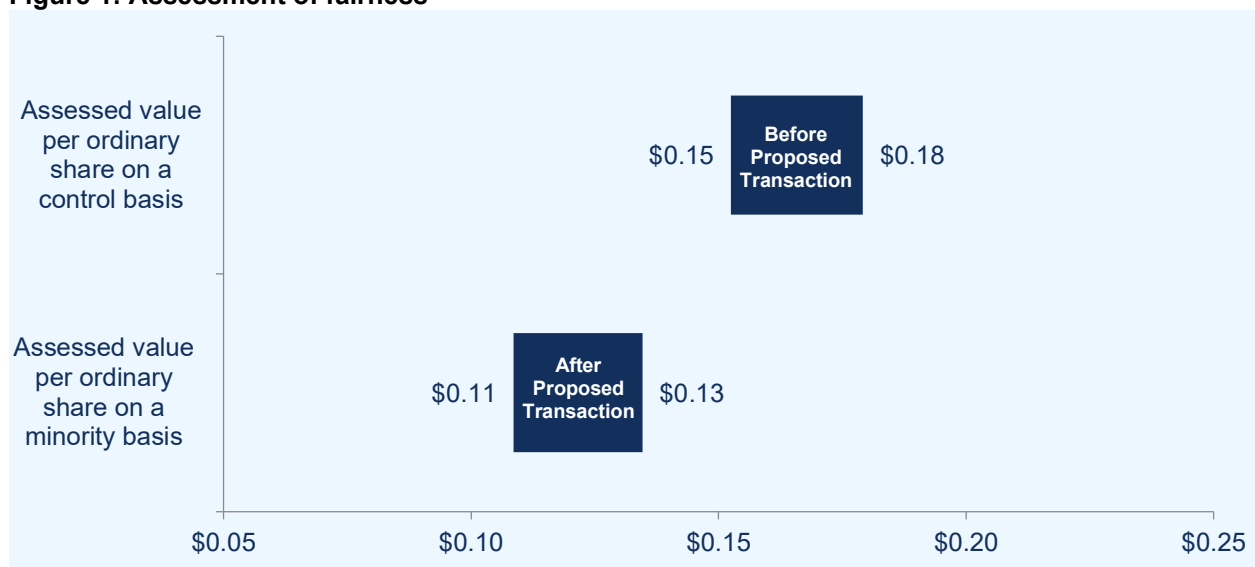
The increase in ordinary shares on issue after the Proposed Transaction is due to the conversion of convertible notes and exercise of options associated with Phase 2 and the Proposed Transaction. We have also applied a discount for lack of control ("DLOC") to reflect that after the Proposed Transaction Shareholders will continue to hold a minority interest in Carbonxt.

Further details of our valuation of Carbonxt after the Proposed Transaction are provided in Section 7 of our detailed report.

Conclusion on fairness

As set out above, in determining whether the Proposed Transaction is fair, we are required to assess the value of a Carbonxt ordinary share before the transaction on a control basis (i.e. assuming 100% control of the entity) even though Phelbe will not achieve majority control as a result of the Proposed Transaction. After the Proposed Transaction, minority shareholders will retain their minority interest in Carbonxt. As such, the value of a Carbonxt share after the Proposed Transaction has been assessed on a minority basis which includes the application of a DLOC. The following figure shows our assessed values before and after the Proposed Transaction on this basis.

Figure 1: Assessment of fairness



Source: Leadenhall analysis

Since the value of a Carbonxt ordinary share after the Proposed Transaction (on a minority basis) is less than the assessed value range of a Carbonxt ordinary share before the Proposed Transaction (on a control basis), we have assessed the Proposed Transaction to be not fair.

The key differences relate to the dilutionary impacts of the Recapitalisation Agreement and the Proposed Transaction and a discount for lack of control ("DLOC") to reflect that Shareholders would continue to hold a minority interest in Carbonxt after the Proposed Transaction.

5. The Proposed Transaction is reasonable

In accordance with the ASIC guidelines, we have defined the Proposed Transaction as reasonable if it is fair, or if, despite not being fair, the advantages to Shareholders outweigh the disadvantages. We have therefore considered the advantages and disadvantages of the Proposed Transaction to Shareholders.

Advantages

The advantages of the Proposed Transaction are:

- ◆ **Avoiding a distressed debt situation:** If any party fails to deliver on the expected commitments under the Recapitalisation Agreement, including the Proposed Transaction, for any reason, it is possible that the other parties will not deliver on their commitments. If the Recapitalisation Agreement does not proceed then Carbonxt would immediately be in default on the Senior Loan Facility and enforcement action by Pure could result in a nil return to ordinary shareholders. If Shareholders do not approve the Proposed Transaction, Carbonxt could attempt to enforce the Phase 2 obligations of Pure and Phelbe as far as possible without any party exceeding 19.99% ownership of Carbonxt. However, given Carbonxt's limited resources, the time and cost involved with such a process would make such action impractical.
- ◆ **No superior alternatives available:** Carbonxt management have explored alternative sources of capital to refinance or payout the Senior Loan Facility. Given the delays and continued uncertainty in respect of the Kentucky Plant and limited profitability of the existing business, management could not source alternative debt or equity financing at a reasonable interest rate/issue price.

- ◆ **Maintaining good relationships with Pure and Phelbe:** By entering into the Recapitalisation Agreement, Pure and Phelbe have demonstrated a willingness to support Carbonxt through enforcement forbearance and provision of capital required to continue to operate the business and progress the Kentucky Plant. If the Proposed Transaction is not approved, it is likely that the relationship with Phelbe and Pure will deteriorate which could prove costly if Carbonxt requires further support in the future.
- ◆ **Impact on share price:** Post announcement of the Proposed Transaction, the Carbonxt share price increased slightly. If the Proposed Transaction is not approved and as a result the Recapitalisation Agreement is not completed, it is likely that the share price of Carbonxt will fall.

Disadvantages

- ◆ **Dilution of interests:** Based on our assessed values of a Carbonxt ordinary share before and after the Proposed Transaction on a control basis, the Proposed Transaction will dilute the interests of ordinary shareholders.
- ◆ **Increase in interest of Phelbe:** If the Proposed Transaction is approved, Phelbe will increase its interest in Carbonxt from 12.3% to 29.6%. Whilst this level of interest does not provide Phelbe with full control, it would allow Phelbe to block a special resolution.

Conclusion on reasonableness

In our opinion, if the Proposed Transaction is not approved, Pure and Phelbe may not deliver on their commitments under the Recapitalisation Agreement and enforcement action could be pursued by Pure as a result of default on the Senior Loan Facility, leaving shareholders with nothing. Consequently, we consider it reasonable that Shareholders vote in favour of the Proposed Transaction to avoid a possible distressed debt situation.

Further details of our consideration of the reasonableness of the Proposed Transaction are set out in Section 8.2 of our detailed report.

6. Opinion

In our opinion, the Proposed Transaction is not fair but reasonable to the Shareholders. This opinion should be read in conjunction with our detailed report which sets out our scope, analysis and findings in more detail.

Yours faithfully



Katy Lawrence
Director



Richard Norris
Director

*Note: All amounts stated in this report are in Australian dollars unless otherwise stated.
Tables in this report may not add due to rounding.*

LEADENHALL CORPORATE ADVISORY PTY LTD

ABN 11 114 534 619

Australian Financial Services Licence No: 293586

FINANCIAL SERVICES GUIDE

Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**" or "**we**" or "**us**" or "**our**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In providing this report, we are required to issue this Financial Services Guide ("**FSG**") to retail clients. This FSG is designed to help you to make a decision as to how you might use this general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

Financial Services We are Licensed to Provide

We hold Australian Financial Services Licence 293586 which authorises us to provide financial product advice in relation to securities (such as shares and debentures), managed investment schemes and derivatives.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product. Our report will include a description of the circumstances of our engagement and the party who has engaged us. You will not have engaged us directly but will be provided with a copy of the report because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial service licensee authorised to provide the financial product advice contained in that report.

General Financial Product Advice

The advice produced in our report is general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that We May Receive

We charge fees for providing reports. These fees will be agreed with the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Leadenhall is entitled to receive a fixed fee of \$60,000 (excl. GST) for preparing this report. This fee is not contingent upon the outcome of the Proposed Transaction.

Except for the fees referred to above, neither Leadenhall, nor any of its directors, consultants, employees or related entities, receive any pecuniary or other benefit, directly or indirectly, for or in connection with the provision of this report.

Remuneration or Other Benefits Received by our Employees, Directors and Consultants

All our employees receive a salary. Our employees are eligible for bonuses which are not based on the outcomes of any specific engagement or directly linked to the provision of this report. Our directors and consultants receive remuneration based on time spent on matters.

Independence

At the date of this report, Leadenhall and its related entities do not have, and have not had within the previous two years, any business or professional relationship with the Carbonxt or Phelbe or their related entities. In addition, Leadenhall and its related entities do not have any financial or other interest in the Carbonxt or Phelbe or their related entities that could reasonably affect its ability to provide an unbiased opinion in relation to the Proposed Transaction. We therefore consider ourselves to be independent for the purpose of this engagement, in accordance with *Regulatory Guide 112: Independence of Experts*.

Referrals

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the reports that we are licensed to provide.

Complaints Resolution

As the holder of an Australian Financial Services Licence, we are required to have a system in place for handling complaints from persons to whom we have provided reports. All complaints must be in writing, to the following address:

Leadenhall Corporate Advisory Pty Ltd
GPO Box 1572
Adelaide SA 5001

Email: office@leadenhall.com.au

We will try to resolve your complaint quickly and fairly and will endeavour to settle the matter within 14 days from the time the matter is brought to our attention.

If you do not get a satisfactory outcome, you may lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution services that are free to consumers and can be contacted as follows:

Website: www.afca.org.au

By post: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

Compensation Arrangements

Leadenhall holds professional indemnity insurance in relation to the services we provide. The insurance cover satisfies the compensation requirements of the Corporations Act 2001.

30 September 2026

CONTENTS

1	The Proposed Transaction	11
2	Scope	13
3	Activated carbon industry	15
4	Profile of Carbonxt	20
5	Valuation Methodology	33
6	Valuation of Carbonxt Before the Proposed Transaction.....	35
7	Valuation of Carbonxt After the Proposed Transaction.....	41
8	Evaluation	45
	Appendix 1 : Glossary	47
	Appendix 2 : Valuation Methodologies	49
	Appendix 3 : Levels of Value	52
	Appendix 4 : Discounted Cash Flow assumptions	54
	Appendix 5 : Discount rate	59
	Appendix 6 : Proceeds from Exercise of Options and Warrants.....	66
	Appendix 7 : Volatility	67
	Appendix 8 : Comparable Companies	69
	Appendix 9 : Control Premium	70
	Appendix 10 : Qualifications, Declarations and Consents.....	75

1 THE PROPOSED TRANSACTION

1.1 Background

Carbonxt is an ASX-listed company with a market capitalisation of approximately \$34.2 million. Carbonxt is a clean technology company that manufactures activated carbon products from production facilities in the US. Further details of Carbonxt's operations are provided in Section 4 of this report.

Carbonxt currently holds a 49.4% interest in NewCarbon, a joint venture entity responsible for the construction of a new activated carbon production facility in Kentucky. Carbonxt funded its interest in NewCarbon via:

- ◆ Draw down of \$9.5 million on the Pure Senior Loan Facility
- ◆ The issue of various convertible notes to Phelbe, Carbonxt's largest shareholder.

Due to defaults on the Senior Loan Facility, Carbonxt entered into the Recapitalisation Agreement with Phelbe and Pure on 3 July 2026 to strengthen the balance sheet of Carbonxt ahead of the Kentucky Plant reaching commercial production.

1.2 Recapitalisation Agreement

On 3 July 2026, Carbonxt, Pure and Phelbe entered into a Recapitalisation Agreement setting out the terms of the restructuring plan. Under the terms of the Recapitalisation Agreement, the restructure will be undertaken in two phases:

- ◆ **Phase 1 – immediate funding:** Pure will waive defaults relating to minimum cash balance (from the 30 September 2025 test date) and Net Debt/Underlying EBITDA (prior to execution of waiver deed) under the Senior Loan Agreement and forbear from any enforcement activities relating to testing dates up to and including 30 September 2026. Phelbe and Pure will collectively subscribe for \$3.5 million of convertible notes. Phelbe will contribute \$2.0 million in cash, while Pure's \$1.5 million contribution is set off against existing debt and outstanding interest on the Senior Loan Facility. The convertible notes will be issued with attaching options (10 million to Phelbe and 7.5 million to Pure). The issue of \$3.0 million of the new convertible notes as well as the issue of the attaching options to Phelbe are made under Carbonxt's existing placement capacity. The remaining \$0.5 million of new convertible notes and the issue of the attaching options to Pure will be subject to shareholder approval. Subject to the shareholder approval requirements, Phase 1 has been completed, with the cash contribution from Phelbe received on 6 July 2026.
- ◆ **Phase 2 – debt reduction:** Pure will waive covenants on the Senior Loan Facility for the remaining life of the loan (maturing 31 May 2027) and will exercise its 64 million outstanding warrants and 5 million options, with the proceeds of approximately \$4.7 million applied to further reduce the Senior Loan Facility. Phelbe will convert \$2 million of convertible notes to equity and exercise 37.9 million options, providing Carbonxt with proceeds of approximately \$3.6 million. In return, Carbonxt will offer Phelbe an early exercise and conversion incentive on 21.7 million options and the convertible notes (excluding the convertible notes and attaching options issued in Phase 1) of 10% per annum on the period remaining until expiry at the time of exercise/conversion, subject to shareholder approval (e.g., if there are two years remaining until expiry/maturity, the discount will be 20%, or if there are 200 days until expiry/maturity the discount will be 5.48% ($10\% \times 200/365$)). Separately, shareholder approval will also be sought to permit Phelbe to convert its remaining convertible notes and exercise its remaining options, although this is not a requirement of the Recapitalisation Agreement.

The commitments of Pure and Phelbe under Phase 2 of the restructure are subject to the satisfaction (or waiver) of the following conditions precedent on or before 31 December 2026:

- ◆ The Kentucky Plant commences operations¹ and generates at least US\$1 million in revenue.
- ◆ The Carbonxt share price must be at least 9 cents on each day of any consecutive five day period between signing of the Recapitalisation Agreement and 31 December 2026.

¹ The commencement of Kentucky operations is defined as including receipt of an independent engineer certification attesting to the plant being operational.

- ◆ The Waiver and Amendment Deed in respect of the Senior Loan Agreement has been executed by all parties, all conditions precedent to its effectiveness have been unconditionally satisfied or waived, and the effective date under that deed has occurred.
- ◆ No material adverse events (adverse regulatory changes, material litigation, insolvency events etc.).
- ◆ No continuing defaults under either the Senior Loan Facility or the convertible note agreements (other than those that are specifically waived).
- ◆ No regulatory action by any governmental agency or the ASX challenging or seeking to restrain the Recapitalisation Agreement or Proposed Transaction.

The conditions precedent are for the joint benefit of Pure and Phelbe and may only be waived by Pure and Phelbe jointly, by written notice to Carbonxt. In addition, Pure's obligations under Phase 2 are conditional on Pure being satisfied that Phelbe has complied with its obligations under the Recapitalisation Agreement.

1.3 Shareholder approval required

The following components of the proposed restructure plan require shareholder approval:

- ◆ \$0.5 million of the \$1.5 million of convertible notes and 7.5 million attaching options to be issued to Pure in Phase 1.
- ◆ Granting of the 10% per annum discount on exercise/conversion price associated with the early conversion incentive for Pure and Phelbe.
- ◆ In relation to completion of the Phase 2 obligations of Phelbe:
 - The acquisition by Phelbe of a relevant interest in Carbonxt above 20% for the purposes of item 7 of section 611 of the Corporations Act.
 - The vesting of attaching options, and subsequent issue of shares on exercise of options and on conversion of convertible notes for the purposes of ASX Listing Rule 7.1 (issue of more than 15% of share capital over a rolling 12-month period) and, if applicable, ASX Listing Rule 10.11 (issue of shares to related parties/substantial holders).

2 SCOPE

2.1 Purpose of the report

An acquisition of securities that enables a shareholder to increase its relevant interests in a listed company from below 20% to above 20% is prohibited under Section 606 of the Corporations Act 2001 ("**s606**"), except in certain circumstances. One of the exceptions to s606 is where the acquisition is approved at a general meeting of the target company in accordance with item 7 ("**Item 7**") of Section 611 of the Corporations Act 2001 ("**s611**"). Approval for the Proposed Transaction is therefore being sought at a general meeting of Carbonxt's shareholders in accordance with Item 7.

Item 7 requires shareholders to be provided with all of the information known to the company and to the potential acquirer that is material to the shareholders' decision. *Regulatory Guide 74: Acquisitions Approved by Members* ("**RG74**") issued by the Australian Securities and Investment Commission ("**ASIC**") provides additional guidance on the information to be provided to shareholders. RG74 states that the directors of the target company should provide shareholders with an independent expert's report or a detailed directors' report in relation to transactions to be approved under Item 7. *Regulatory Guide 111: Content of Expert Reports* ("**RG111**") issued by ASIC requires an independent expert assessing a transaction that has a similar effect to a takeover bid to assess whether the transaction is fair and reasonable.

Phelbe currently has a 12.3% interest in Carbonxt. If Phelbe converts all of its convertible notes and exercises all of its options, its interest in Carbonxt will increase from below 20% to above 20%. Accordingly, Carbonxt is seeking shareholder approval for the Proposed Transaction, being the conversion of Phelbe's convertible notes and exercise of its options.

The directors of Carbonxt have therefore requested Leadenhall to prepare an independent expert's report assessing whether the Proposed Transaction is fair and reasonable to Carbonxt's Shareholders. In undertaking our assessment, we have assumed that Phase 1 and Phase 2 of the Recapitalisation Agreement, as set out in Section 1.2, are completed as this is a requirement for the conversion of some of the Phelbe convertible notes and exercise of some of the Phelbe options. This report has been prepared for the exclusive purpose of assisting Shareholders in their consideration of the Proposed Transaction.

2.2 Basis of evaluation

Introduction

RG111.25 requires an independent expert to evaluate an issue of securities under s611 that has a similar effect to a takeover offer as if it was a takeover offer. As Phelbe would hold greater than 20% of the shares outstanding in Carbonxt should the Proposed Transaction be approved (assuming conversion of convertible notes and exercise of options), we have assessed the Proposed Transaction as a control transaction consistent with the requirement of RG111.24. RG111 requires a separate assessment of whether a control transaction under s611 is '*fair*' and whether it is '*reasonable*'. We have therefore considered the concepts of '*fairness*' and '*reasonableness*' separately. The basis of assessment selected and the reasons for that basis are discussed below.

Fairness

RG111.11 defines a takeover offer as being fair if the value of the consideration is equal to, or greater than, the value of the securities subject to the offer. Accordingly, we have assessed whether the Proposed Transaction is fair by comparing the value of a Carbonxt share before the Proposed Transaction with the consideration offered to Shareholders. As Shareholders would retain their Carbonxt shares if the Proposed Transaction proceeds (as opposed to exchanging them for cash or the acquirer's scrip as in a takeover offer) the effective consideration is the continued ownership of a Carbonxt share.

The value of a Carbonxt share before the Proposed Transaction has been determined on a control basis (i.e. including a control premium). This is consistent with the requirement of RG111.11 that the comparison for a takeover must be made assuming a 100% interest in the target company.

After the Proposed Transaction, the value of a Carbonxt share has been assessed on a minority interest basis (i.e. excluding a control premium) as Shareholders would continue to own a minority stake in Carbonxt should the Proposed Transaction occur.

We have assessed the value of a Carbonxt share (both before and after the Proposed Transaction) at market value, which is defined by the International Valuation Standards as:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

While there is no explicit definition of value in RG111, this definition of market value is consistent with the basis of value described at RG111.11 and common market practice.

Special value is defined as the amount a specific purchaser is willing to pay in excess of market value. A specific purchaser may be willing to pay a premium over market value as a result of potential economies of scale, reduction in competition or other synergies they may enjoy arising from the acquisition of the asset. However, to the extent a pool of hypothetical purchasers could all achieve the same level of synergies the value of those synergies may be included in market value. Special value is typically not considered in forming an opinion on the market value of an asset. Our valuation of Carbonxt does not include any special value.

Reasonableness

In accordance with RG111, we have defined the Proposed Transaction as being reasonable if it is fair, or if, despite not being fair, Leadenhall believes that there are sufficient reasons for Shareholders to vote for the proposal. We have therefore considered whether the advantages to Shareholders of the Proposed Transaction outweigh the disadvantages. To assess the reasonableness of the Proposed Transaction we have considered the following significant factors recommended by RG111.13:

- ◆ Phelbe's pre-existing voting power in Carbonxt
- ◆ The size of existing shareholding blocks in Carbonxt
- ◆ The liquidity of the market in Carbonxt's shares
- ◆ Any special value of Carbonxt to Phelbe
- ◆ The conversion price of the convertible notes and exercise price of the options contemplated as part of the Proposed Transaction
- ◆ The likely market price of Carbonxt's shares if the Proposed Transaction is rejected
- ◆ Possible alternatives to the Proposed Transaction

We have also considered other significant advantages and disadvantages to Shareholders of the Proposed Transaction.

2.3 Individual circumstances

We have evaluated the Proposed Transaction for Shareholders as a whole. We have not considered its effect on the particular circumstances of individual investors. Due to their personal circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the Proposed Transaction is fair and reasonable. If in doubt investors should consult an independent financial adviser about the impact of the Proposed Transaction on their specific financial circumstances.

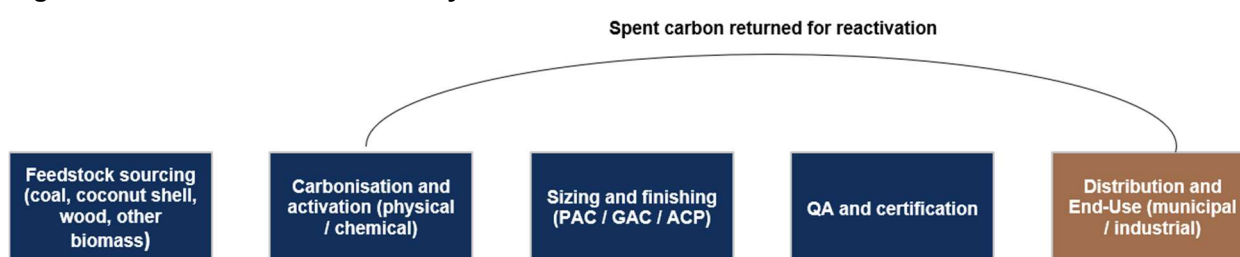
3 ACTIVATED CARBON INDUSTRY

3.1 Introduction

Activated carbon (also referred to as activated charcoal) is a porous carbon-based material engineered to have a very high internal surface area, giving it exceptional adsorption properties (the adhesion of molecules to a surface). Small, low-volume pores that are present in activated carbon enhance the surface area that is accessible for chemical reactions such as adsorption. For example, before activation, charcoal has a specific surface area of 2.0 to 5.0 m²g⁻¹, which increases to 1,000 m²g⁻¹ once activated.²

Activated carbon is produced by carbonising a carbon-rich precursor (primarily coal, coconut shells, wood, or other biomass) and then “activating” the resulting char through physical (steam/gas) or chemical processes to develop a dense network of micro- and meso-pores. The finished product is sold in several physical forms, most commonly powdered activated carbon (“**PAC**”), granular activated carbon (“**GAC**”), and activated carbon pellets (“**ACP**”).

Figure 2: Activated Carbon Industry Value Chain



Source: Activated Carbon Factory

The product is used across a broad range of end markets due to its ability to filter per- and polyfluoroalkyl substances (“**PFAS**” also termed forever chemicals) in water, air, and soil. The main area of use is water treatment (municipal drinking water, groundwater remediation, and industrial wastewater), followed by air and gas purification, food and beverage processing (notably sugar decolourisation), and a growing set of niche uses in energy storage and personal care.

The global market for newly produced activated carbon is estimated at USD 4.16 billion in 2026, growing to USD 5.47 billion by 2031, a compound annual growth rate (“**CAGR**”) of 5.62%³. Growth is being driven by tightening environmental regulation rather than by underlying industrial volume growth. Increasing water quality standards (in particular PFAS remediation programmes), mercury-removal mandates at coal-fired power plants, and solvent-recovery requirements tied to low-sulphur fuel rules are the principal drivers of industry growth.

3.2 Production process

The carbon feedstock (primary feedstock sources are discussed below), is subjected to thermal degradation in an inert or low-oxygen environment at elevated temperatures (400 to 800 degrees Celsius). This step removes volatile organic matter, water, and tar producing concentrated carbon char. To convert the carbon char into active carbon with high surface area and adsorption capacity, one of the following two activation methods is used:

- ◆ **Physical (thermal) activation:** the char is exposed to an oxidising atmosphere (steam, carbon dioxide or air) at high temperatures (800 to 1,100 degrees Celsius) which selectively burns away carbon atoms opening and expanding an intricate network of micropores and mesopores. The advantages of physical activation are that no chemical activation agents are required, it produces a broad pore size distribution that works well for removing a wide range of contaminants and it is more widely accepted for drinking water applications because there are no residual activation chemicals to manage. However, the high activation temperatures increase energy consumption in the activation process.

² Activated Carbon: Progress and Applications, Richika Ganjoo; Shveta Sharma; Anish Kumar; M. M. Aremou Dauda, published 10 May 2023

³ Mordor Intelligence “Activated Carbon Market Size & Share Analysis – Growth Trends and Forecast (2026–2031),” January 2026

- ◆ **Chemical activation:** the feedstock is infused with chemical reagents (such as phosphoric acid, zinc chloride or potassium hydroxide) prior to the carbon char production process. The activation chemicals are then washed out after processing. This creates a high proportion of mesopores and is widely used for wood-based carbons. Chemical activation often provides stronger adsorption performance for small molecules because of its highly developed microporous structure. The lower activation temperatures result in lower energy consumption than physical activation.

3.3 Market segmentation

The market is structurally split along three axes: raw material/feedstock (coal versus coconut-shell versus wood/other biomass), form (PAC, GAC and ACP), application, and region. These segments are summarised below.

Raw material / feedstock

There are three primary feedstock materials used in activated carbon production:

- ◆ **Coal:** coal-based activated carbon is the dominant feedstock category (43.18% share⁴) due to its favourable cost structure and the scale of coal-linked supply chains in China, India, and the US. Coal is traditionally the primary feed stock for PAC and GAC and provides a mix of micropores and mesopores which is ideal for gas-phase mercury removal and general water filtration.
- ◆ **Coconut shells:** coconut-shell-based carbon, while a smaller share of total volume, is the fastest-growing feedstock category (6.78% CAGR⁵) because its finer micropore structure is preferred for higher surface area applications such as pharmaceutical-grade applications.
- ◆ **Wood and renewable biomass:** in order to substitute fossil resources in activated carbon production, recent efforts have focused on the utilisation of renewable raw materials, including forestry residue biomass (e.g. pruning waste and logging residues) and waste wood (e.g. discarded timber, pallets and other wood by-products).

Some producers have multi-feedstock portfolios, which demonstrated resilience during a period of low availability of coconut-shell in 2024-2025, maintaining contracted volumes by switching to chemically active wood or low-rank coal blends.

Forms of activated carbon

Activated carbon can be produced and sold in a number of different forms. The three most common forms of activated carbon are:

- ◆ **Powdered activated carbon:** PAC is a fine powder (<0.15 mm) and represents the largest share of the market by volume (47.86% share⁶). PAC is single use, non-regenerable, has rapid adsorption and is generally injected directly into gas or liquid streams. PAC is primarily used for flue gas mercury removal (from coal-fired power plants, waste-to energy facilities and industrial boilers), drinking water treatments (removes taste and odour compounds, natural organic matter, pesticides and herbicides, algal toxins and trace organic contaminants), municipal and industrial wastewater treatment (removes dissolved organic pollutants, colour causing compounds, phenols, hard to degrade organics and micropollutants such as pharmaceutical residues and personal care products), PFAS removal and industrial effluent treatments (from chemical manufacturing, pharmaceuticals, refineries and petrochemicals, textile and dye productions and landfill leachate treatment).
- ◆ **Granular activated carbon:** GAC is produced as small irregular particles (0.2 – 5.0 mm) with fast growing demand (6.30% CAGR⁷) due to its regenerable qualities. GAC has similar use cases to PAC. The primary difference is how GAC is incorporated into operations. GAC is often administered through fixed bed filters rather than direct dosage and offers continuous rather than intermittent or seasonal treatment. GAC is therefore preferred where continuous treatment is required. Municipal utilities increasingly favour regenerable, fixed-bed systems that can be thermally reactivated multiple times, lowering lifecycle cost and waste volumes relative to single-use PAC.

⁴ Mordor Intelligence "Activated Carbon Market Size & Share Analysis – Growth Trends and Forecast (2026–2031)," January 2026

⁵ Ibid

⁶ Ibid

⁷ Ibid

- ◆ **Activated carbon pellets:** ACP is produced as cylindrical pellets (0.8 – 4.0 mm) by combining powdered carbon with a binder. It is primarily designed for gas-phase adsorption applications due to the pelletised shape providing low pressure drop and high mechanical strength. The largest application for ACP is air purification and volatile organic chemical removal (removal of hydrocarbon vapours, solvent emissions, chemical odours and toxic industrial gasses). ACP is also used in solvent recovery systems where the adsorbed solvents can often be recovered by thermal regeneration, providing both environmental and economic benefits. Other treatments include industrial emissions control (controlling emissions from chemical manufacturing plants, pharmaceutical facilities, paint and coating operations, and petrochemical plants), flue gas treatment (although PAC injection is more common, ACP can be used to remove mercury, dioxins, furans and acid gases), biogas and natural gas purification (specialised ACP grades are used to remove hydrogen sulphide, siloxanes, mercaptan and organic contaminants primarily in landfill, and wastewater biogas systems as well as natural gas processing), and respiratory and safety equipment (gas masks, air filtration cartridges, and military and industrial respirators).

Overall, PAC is primarily a dosed treatment chemical, GAC is primarily a water filtration medium and ACP is primarily an air and gas treatment medium. While all three rely on the same adsorption mechanism, their physical form is optimised for different operating environments.

Geographic regions

Production of activated carbon products is heavily concentrated in Asia, with China being the dominant producer, followed by India and the coconut-shell producing countries of South and Southeast Asia (Indonesia, Philippines, Vietnam, Thailand and Sri Lanka). Despite increasing demand for activated carbon solutions due to environmental regulations, North America has limited production capacity and predominantly imports product from Asia.

Asia-Pacific is both the largest region (37.72% of 2025 revenue⁸) and the fastest-growing (6.44% CAGR⁹), due to Chinese coal-to-carbon integration, India's municipal water infrastructure build-out, and expanding coconut-shell charcoal exports. North America and Europe are smaller in absolute size but are seeing outsized capital investment relative to their share, as regulatory compliance deadlines concentrate spending in domestic GAC capacity and reactivation infrastructure.

3.4 Key demand drivers

Unlike many industrial commodities, demand for activated carbon is overwhelmingly regulation-led rather than macroeconomic or construction-cycle-led. Key regulatory standards driving current demand include:

- ◆ **PFAS regulation in drinking water:** PFAS have become the single most important regulatory driver for activated carbon demand, particularly for GAC. Regulators in the US, Europe, Australia and many Asian jurisdictions are tightening allowable PFAS concentrations in drinking water, groundwater, and industrial discharges. In particular, in 2024 the Environment Protection Agency ("EPA") in the US introduced new rules which set parts-per-trillion limits on six PFAS compounds, and the European Union revised its Drinking Water Directive requiring mandatory PFAS monitoring from January 2026, with limits of 0.5 µg/L for total PFAS and 0.1 µg/L for 20 individual PFAS compounds¹⁰. The US EPA estimated compliance costs for the PFAS regulations to be approximately US\$1.55 billion per annum (US\$1.5 billion associated with treatment and disposal)¹¹ whilst the American Water Works association commissioned an independent assessment which estimated compliance costs US\$2.7 billion to US\$3.5 billion annually. The US EPA specifically identifies activated carbon as a technology used for PFAS treatment in drinking water systems. These regulatory updates are driving a wave of GAC retrofits and multi-year utility supply contracts.

⁸ Ibid

⁹ Ibid

¹⁰ United States Environmental

Protection Agency, "Final PFAS National Primary Drinking Water Regulation", May 2026

¹¹ EPA, "Economic Analysis for the Final Per- and Polyfluoroalkyl Substances National Primary Drinking Water Regulation (EPA Document No. EPA-815-R-24-001"

- ◆ **Mercury-removal mandates:** mercury and air toxics standards in the US and comparable rules in China, India and Japan sustain demand for powdered carbons used in flue-gas injection at coal-fired power plants and waste incineration. The US EPA identifies mercury and air emission control among activated carbon's key environmental applications. While coal power generation is declining in some regions, mercury control remains an important demand segment globally.
- ◆ **Low-sulphur fuel and volatile organic compound ("VOC") regulation:** The IMO 2020¹² sulphur cap and tightening industrial VOC/solvent-emission limits in North America and Europe are supporting demand for solvent-recovery carbon. The US EPA recognises air and vapor treatment as one of the principal applications for activated carbon.
- ◆ **Wastewater discharge regulations:** many countries are introducing tighter discharge limits for micropollutants, pharmaceuticals, industrial organics, persistent contaminants and colour and odour causing compounds. Advanced wastewater treatment increasingly incorporates PAC and activated carbon adsorption as regulators push for lower contaminant concentrations in discharged effluents.

Overall, GAC is the biggest beneficiary of global regulatory trends, while PAC benefits from wastewater and mercury control regulations and ACP benefits from tightening air-quality and industrial emission standards.

3.5 Risks

The industry faces several structural cost and supply chain risks. Coconut-shell charcoal supply is concentrated in a small number of Southeast Asian countries and is vulnerable to weather-driven harvest shocks and export restrictions. Coal-based production costs are similarly exposed to volatile coal prices and competition from other coal-consuming industries (power generation, steel, cement), particularly in China. High quality activated carbon production is capital intensive, and the build out of regional reactivation capacity requires significant up-front investment, which can be a barrier for smaller producers. In addition, the production process is energy intensive exposing margins to utility price volatility.

3.6 Competitive landscape

The global activated carbon industry is moderately fragmented, with a mix of large, vertically integrated multinational producers and a long tail of regional and national manufacturers, particularly in China and India. Key players in the activated carbon market include:

- ◆ **Calgon Carbon (owned by Kuraray):** is widely regarded as the global leader in activated carbon and is particularly strong in municipal drinking water treatment, PFAS remediation, reactivation services and mercury removal technologies. The primary product of Calgon Carbon is Filtrasorb which is a coal-based product made in the US. In addition to activated carbon products, Calgon Carbon provides a broad range of field and technical services. Calgon Carbon operates 20 manufacturing, reactivation, innovation and equipment fabrication facilities in the US, Asia and Europe and has a production capacity of over 200 million pounds (excluding reactivation) annually.
- ◆ **Jacobi Carbons:** owned by Osaka Gas Co., Jacobi is the world's largest manufacturer of coconut shell-based activated carbon, with over double the capacity of any other manufacturer. Jacobi is a global manufacturing organisation, with 20 manufacturing and processing facilities and two reactivation plants in Europe.
- ◆ **Norit:** Norit began activated carbon production in 1916 in the Netherlands and historically has primarily focused on the mercury removal for coal fired power plants. Norit now produces a range of products and has global operations across 10 plants with production facilities in Europe, North America, Mexico and Singapore.
- ◆ **Haycarb:** is based in Sri Lanka and specialises in coconut-shell based solutions with a diverse portfolio over 1,500 products. Haycarb has manufacturing facilities in Sri Lanka, Thailand and Indonesia and marketing hubs in Australia, the US and Europe. In 2025, Haycarb generated revenue of approximately US\$200 million.
- ◆ **Fujian Yuanli Activated Carbon:** produces bio-based activated carbon from bamboo and wood scraps, primarily serving Chinese markets from a number of production facilities in the region. Fujian Yuanli has an annual production capacity of over 50,000 metric tonnes and more than 20% market share in China.

Competitive positioning is increasingly determined by the following factors:

¹² International Maritime Organisation, "IMO 2020 – cutting sulphur oxide emissions"

- ◆ **Feedstock flexibility:** the ability to switch between coal, coconut-shell, and wood/other precursors to manage input-cost volatility.
- ◆ **Product performance:** activated carbon is not truly a commodity and as such customers evaluate adsorption capacity, pore size distribution, PFAS removal performance, hardness and attrition resistance and regeneration performance. Superior carbon performance can justify significant pricing premiums.
- ◆ **Geographic footprint:** activated carbon is relatively expensive to ship because customers often require large volumes and rapid replacement cycles. Owning or accessing furnaces close to major demand centres shortens turnaround times, reduces freight and emissions, and supports the multi-year framework agreements increasingly favoured by municipal utilities.
- ◆ **Reactivation capability:** after use, GAC can often be thermally reactivated and reused. Benefits of reactivation include lower lifecycle cost, reduced waste and a lower carbon footprint. Building reactivation facilities requires substantial capital investment and operational expertise, giving large incumbents an advantage.
- ◆ **Specialty impregnation and pore-engineering capability:** allows suppliers to capture premium pricing in higher-margin niches such as PFAS and mercury capture.

For standard PAC and GAC products used in industrial applications, competition is expected to increase due to relatively mature technology producing greater product homogenisation and additional capacity being added by Chinese and Indian suppliers. As a result, pricing pressure is expected to remain significant in these segments. Conversely for municipal water treatment and PFAS remediation applications, customers increasingly require regulatory certification, performance guarantees, proven operating history, reactivation capabilities and security of supply. These requirements favour larger established producers. Tighter regulations mean premium pricing for higher grade products and a reluctance to switch suppliers solely for lower prices because treatment performance and regulatory compliance are critical.

3.7 Outlook

The industry is expected to continue growing through the remainder of the decade at a moderate rate (CAGR of 5.62% to 2031 as set out in Section 3.1), driven overwhelmingly by regulatory rather than purely economic demand. The clearest near-term catalyst across the sector is PFAS remediation spending by water utilities in North America and, from 2026, Europe, which is expected to keep GAC demand and reactivation investment elevated through at least the middle of the next decade. Feedstock diversification away from coconut-shell charcoal, continued build-out of regional reactivation infrastructure, and ongoing trade-policy developments (notably U.S. antidumping measures on Chinese-origin product) are likely to remain the principal sources of both opportunity and risk for participants in the sector.

4 PROFILE OF CARBONXT

4.1 Background

Carbonxt is an ASX listed clean technology company that develops activated carbon solutions to capture industrial pollutants. Its core business is to produce and sell powdered, pelletised and granular activated carbon for industrial air purification, wastewater treatment and other liquid- and gas-phase markets. The company operates two production facilities in the US and is in the process of developing a third.

4.2 History

A brief history of Carbonxt is set out in the table below:

Table 7: History of Carbonxt

Year	Event
2001	Carbonxt incorporated
2008 and 2009	Developed non-brominated activated carbon solution for coal fired power stations and established a US based technical and executive team and constructed a 700 tonne ¹³ per annum pilot plant in West Virginia
2010	Independent field trials confirm efficacy of initial products
2012	Full scale field testing conducted
2013	Establishment of manufacturing partnerships with two companies
2014	Entered the first commercial sale contract to supply activated carbon to a power utility
2015	Entered into an agreement with United Conveyor Corporation to act as exclusive sales agent for Carbonxt's AC products in North America and Europe
2018	Quotation on ASX commenced and company owned manufacturing facilities at Arden Hills in Minnesota (pellet production) and Black Birch in Georgia (powder production) began production
2019	Termination of sales agreement with United Conveyor Corporation
2020 – 2021	Covid-19 pandemic impacted availability and pricing of activated carbon pellet feedstock resulting in disruption in pellet manufacturing
2023	Signed a joint venture agreement with Kentucky Carbon Processing, LLC ("KCP") to establish Kentucky-based activated carbon manufacturing facility
2025 - 2026	Kentucky Plant progressed from mechanical completion toward commissioning activities. Commissioning delayed due to kiln remediation requirements

Source: Carbonxt

4.3 Overview of Operations

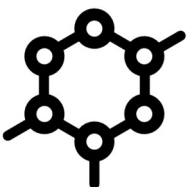
Carbonxt operates in the US through its wholly owned subsidiary, Carbonxt Inc. The company currently produces and sells activated carbon powder ("**AC Powder**") and activated carbon pellets ("**AC Pellet**") and is expected to start producing granular activated carbon ("**Granular AC**") from its joint venture facility in Kentucky in FY27.

¹³ Tonne refers to US short tonne being 2,000 pounds

4.3.1 Current Product range

Carbonxt's current product range is summarised in the table below:

Table 8: Carbonxt's products

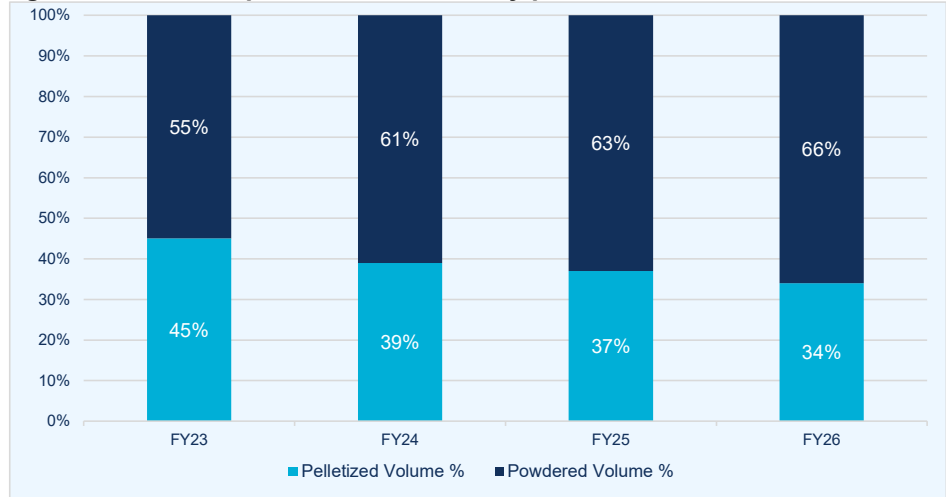
Market	Products	Description
 Coal-Fired Power Plants	MATS-PAC	Is a non-halogenated (proprietary additive to eliminate corrosion), oxidizing powder AC that is chemically and physically enhanced for in-flight gas phase removal of mercury. It is specifically designed for coal-fired power plants' US EPA Mercury and Air Toxics regulation ("MATS") compliance.
	MATS-PAC Plus	MATS-PAC plus offers the same features as MATS-PAC with the addition of another of Carbonxt's proprietary non-halogenated additives, providing the necessary oxidation for mercury capture while eliminating expensive corrosion problems. MATS-PAC Plus is well suited for challenging environments with competing compounds such as sulphur dioxide.
	CXT-NAQ-ACP	A high quality pelletised activated carbon sorbent specifically designed for the removal of sulphur dioxide, nitrogen oxides and mercury from flue gas. CXT-NAQ-ACP has a high adsorption capacity while maintaining superior mechanical strength.
 Cement Plants	CEM-PAC	Is a non-halogenated, oxidising powder AC that is chemically and physically enhanced for gas phase removal of mercury. It is specifically engineered for cement plant compliance with US EPA regulatory programs, National Emission Standards for Hazardous Air Pollutants and Commercial and Industrial Solid Waste Incineration. CEM-PAC can be used for mercury capture under both raw mill on and raw mill off applications.
	CEM-PAC Plus	CEM-PAC plus offers the same features as CEM-PAC with the addition of another of Carbonxt's proprietary non-halogenated additives.
 Waste to energy: industrial boilers and incinerators	MACT-PAC	Is a non-halogenated, oxidising powder AC that is chemically and physically enhanced for gas phase removal of mercury. It is specifically engineered for waste to energy plant compliance with US EPA Maximum Achievable Control Technology standards. MACT-PAC is enriched with Carbonxt's proprietary non-halogenated additive, eliminating corrosion problems, and is well suited for the capture of dioxins and furans.
 VOC Containment Removal	CXT-ACP60	CXT-ACP60 is a high quality pelletised activated carbon sorbent developed specifically for the removal of VOCs and other organic contaminants in air phase applications in addition to industrial gas purification. CXT-ACP60 is available in a wide range of diameters.
	CXT-ACP80	CXT-ACP80 is a high quality pelletised activated carbon sorbent developed specifically for the removal of air phase organic contaminants and industrial gas purification. It has a high adsorption capacity for VOCs, requiring fewer regeneration cycles. CXT-ACP80 is available in a wide range of diameters.

Source: Carbonxt

Carbonxt also provides technical services, supplementing emissions compliance teams, providing regular data review and recommendations at no additional cost.

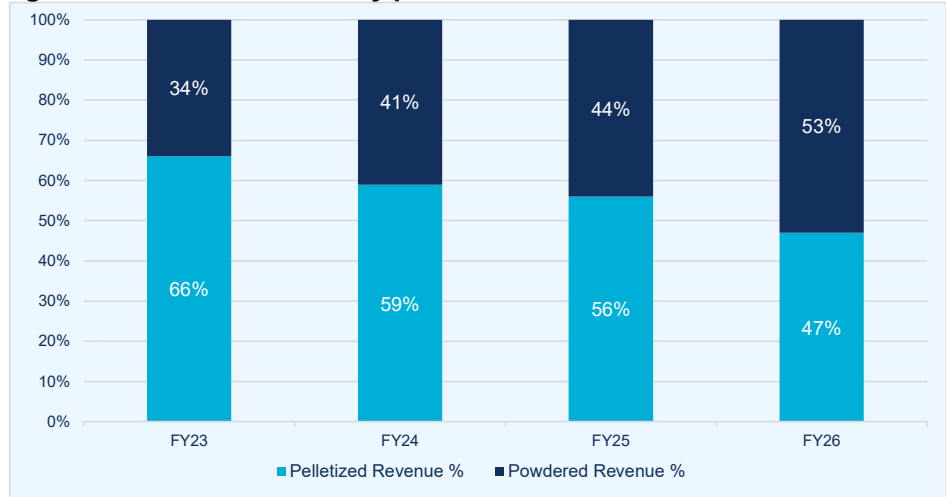
The following figures show the split of volume and revenue between Powder AC and Pellet AC products over the last three years:

Figure 3: Carbonxt production volume by product



Source: Carbonxt

Figure 4: Carbonxt revenue by product



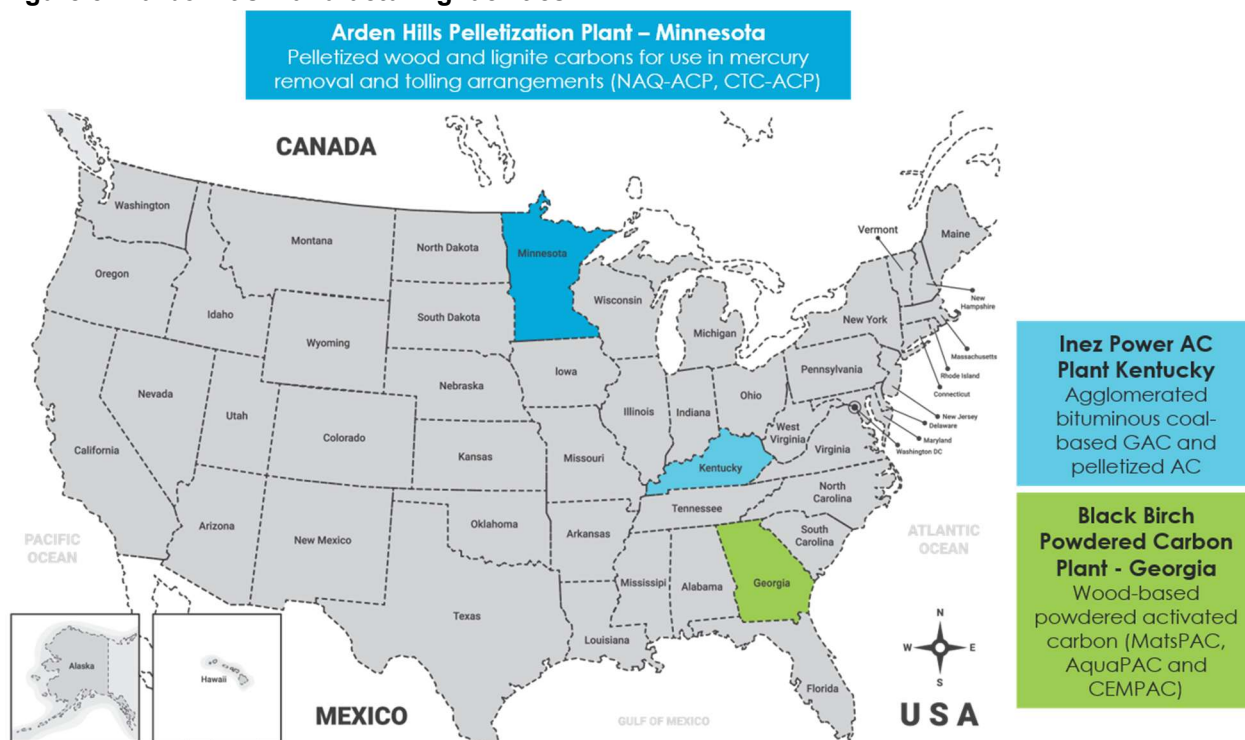
Source: Carbonxt

Pellet AC products are higher quality (greater adsorption) and as such command premium pricing than AC Powder.

4.3.2 Production facilities

The production facilities operated by Carbonxt are shown in the figure below:

Figure 5: Carbonxt's manufacturing facilities



Source: Carbonxt

Carbonxt currently has two operational manufacturing facilities:

- ♦ **Arden Hills Pelletization Plant in Minnesota:** produces all of Carbonxt's AC Pellet products. Activated carbon is primarily sourced from third parties, or the client in the case of tolling arrangements. The carbon is mixed with proprietary additives and a binder. The mixture is then extruded into pellets. The pellets are dried and shipped to the customer in one tonne super sacks. Carbonxt is the only activated carbon industrial pellet developer and producer located in the US. Carbonxt is in the process of relocating the Arden Hills plant to a nearby facility in Albertville Minnesota. Throughout this report we continue to refer to the Minnesota pellet manufacturing facility as Arden Hills.
- ♦ **Black Birch Powdered Carbon Plant in Georgia:** produces wood-based Powder AC products. Carbonxt has a series of contracts for the offtake of waste wood products that are provided in the form of sawdust and high grade ash. Since the feedstock is waste from other manufacturing processes, the cost to acquire feedstock is minimal. The wood-based feedstock is put through a propane burner to drive moisture down. This also acts as an activation process. The dried and activated carbon product is then milled into a powder. The propane heating process does not reach temperatures as high as other activation processes which results in lower adsorption properties. However, the resulting product is sufficient for the needs of the mercury removal market.

In conjunction with a joint venture partner, Carbonxt is in the final stages of commissioning a new production facility at the repurposed Inez Power Plant in Kentucky ("**Kentucky Plant**"). Further information in relation to the joint venture and the Kentucky Plant is presented in Section 4.3.5 below.

4.3.3 Customers

Carbonxt has a number of long term supply contracts with customers in the energy and industrial sectors as well as selling to a range of distributors when supply allows. Long term supply contracts generally include fixed pricing with annual increases (primarily inflation indexation) and most have minimum annual order quantities. Carbonxt's top three customers accounted for approximately 80% of total revenue in FY26 and included:

- ◆ An energy utility operating low emission footprint coal fired power stations. Carbonxt has a long-term contract in place for the provision of AC Pellets.
- ◆ One of the largest waste to energy and industrial waste management companies in North America. Carbonxt has a long term supply contract for the provision of Powder AC products.
- ◆ A long term tolling agreement for the manufacture of AC Pellets using activated carbon feedstock supplied by the client.

4.3.4 Competitive position

Carbonxt's business model is underpinned by the following key differentiators:

Factor	Description
Low-carbon production profile	Supported by sustainable feedstocks and the use of renewable by-products in activated carbon production. The new Kentucky Plant will use its own emissions as a power source.
Non-bromine activated carbon	Carbonxt owns patented air phase products that do not contain bromine, avoiding corrosive damage to plant and equipment while performing on par with bromine-based alternatives.
Bespoke solutions	Carbonxt focuses on working with clients to develop custom-designed activated carbon solutions tailored to specific customer needs.
Research and development	Carbonxt has established research and development capability, supporting continuing improvements in production efficiency, product performance and cost competitiveness.
Product quality	Carbonxt products are recognised for premium performance. This will soon extend to the Granular AC market upon completion of the Kentucky Plant.
Domestic US production	Carbonxt is the only US-based industrial supplier of activated carbon pellets. Domestic production is desirable as it mitigates the impact of supply disruptions and is not subject to import tariffs.

Source: Carbonxt and Leadenhall analysis

4.3.5 Kentucky Plant Joint Venture

On 31 May 2023, Carbonxt entered into a joint venture agreement with KCP to establish NewCarbon Processing, LLC ("**NewCarbon**"), a Kentucky-based activated carbon manufacturing joint venture.

Under the joint venture agreement, Carbonxt committed to contribute up to US\$10.0 million in cash, while KCP committed assets, infrastructure and equipment with an agreed value of US\$10.0 million, resulting in an intended 50:50 ownership structure upon completion of all contributions. At the date of this report Carbonxt has invested a total of US\$9.75 million for a 49.4% interest in NewCarbon. The final US\$0.25 million contribution is expected to be made in the 2026 December quarter to bring Carbonxt's interest up to the maximum 50%.

The key responsibilities of each of the JV parties are summarised in the table below:

Carbonxt	KCP
◆ Capital funding ◆ Activated carbon market expertise ◆ Customer relationships ◆ Sales and trading capabilities ◆ Marketing support	◆ Procuring and converting the facility ◆ Construction and commissioning activities ◆ Supplying coal feedstock ◆ Providing operational services ◆ Regulatory compliance ◆ Day-to-day production support

Source: Carbonxt

The Kentucky Plant is located on the site of the Inez Power station. The existing power generation facilities will utilise emissions from the production process to power the activated carbon facility eliminating the need for external power supply. Other locational benefits include proximity to high quality feedstock and transport links (located beside a modern regional highway with one day delivery to two thirds of the US population).

The Kentucky Plant will use bituminous coal as the feedstock which will be supplied by KCP. The coal feedstock will be milled and pelletised/granulised before being activated at very high temperatures in a purpose built electric kiln. The commissioning of the Kentucky Plant will effectively increase Carbonxt's production capacity by 5,000 tons (50% of total plant capacity) per annum. This will add approximately 29% to Carbonxt's existing 17,000 tonne capacity. Importantly, the Kentucky Plant will broaden Carbonxt's product range through the production of Granular AC which is the gateway to the rapidly growing water phase market on the back of new PFAS water quality standards. In introducing Granular AC capacity, Carbonxt, through NewCarbon, will continue to offer bespoke solutions to customers by tailoring products to specific customer needs. Whilst this may result in smaller production runs, bespoke solutions command premium pricing.

4.4 Key personnel

The Board of Directors of Carbonxt comprises:

Table 9: Directors of Carbonxt

Directors	Experience
Warren Murphy Managing Director	Warren was Co-Head of the Australian Infrastructure & Project Finance Group and Head of Energy at Babcock & Brown. Warren led the development of Babcock & Brown's energy sector capability in Australia and New Zealand, including the founding of Infigen Energy. He was also a director of the ASX listed Alinta Limited and Sydney Gas Limited.
Matthew Driscoll Chairman	Matthew has experience across several industries, including online technologies, financial services, fintech, property and resources. He has more than 30 years' experience in capital markets and the financial services industry and is a company director in roles across listed and private companies.
Nicholas Andrews Non-executive Director	Nicholas has held the role of Executive Chairman & CEO at ASX listed Magontec Ltd, an established business in the global magnesium sector. He is a Member of the Executive Committee and serves on the Board of the International Magnesium Association. Prior to his executive career, Mr Andrews held several senior roles in the financial services sector across both investment management and investment banking.

Source: Carbonxt

4.5 Financial performance

The audited statements of financial performance for the financial years ("FY") ended 30 June 2023, 30 June 2024, 30 June 2025 and 30 June 2026 are set out in the table below.

Table 10: Carbonxt's financial performance

Financial Performance of Carbonxt (AUD'000)				
	FY23 Audited	FY24 Audited	FY25 Audited	FY26 Audited
Revenue	15,462	15,125	16,195	15,694
Cost of sales	(10,883)	(9,387)	(7,714)	(8,272)
Gross profit	4,579	5,738	8,481	7,422
Share of Losses on Joint Ventures	-	(32)	(3)	-
Other Income	430	264	269	883
Net (loss)/gain on royalty payable	54	384	(582)	2,262
Expenses				
Shipping and distribution costs	(1,667)	(1,797)	(1,984)	(1,970)
Employee Benefits Expense	(2,231)	(2,872)	(2,773)	(3,695)
Share-based payment expense	(178)	(74)	(104)	(74)
Selling and marketing expenses	(325)	(659)	(642)	(581)
General and Administration expenses	(1,939)	(2,691)	(2,267)	(1,062)
Other expenses	(1,163)	(1,116)	(1,546)	(1,305)
EBITDA	(2,440)	(2,855)	(1,151)	1,880
Depreciation	(1,855)	(1,881)	(1,842)	(1,438)
EBITA	(4,295)	(4,736)	(2,993)	442
Amortisation - intangibles	(589)	(489)	(433)	(432)
EBIT	(4,885)	(5,225)	(3,426)	10
Net interest expense	(1,099)	(2,894)	(3,335)	(4,639)
Loss before tax	(5,984)	(8,118)	(6,761)	(4,629)
Tax	-	-	-	-
Net loss	(5,984)	(8,118)	(6,761)	(4,629)
Other comprehensive income / (loss)	615	(145)	73	(1,244)
Total comprehensive loss	(5,369)	(8,263)	(6,688)	(5,873)
<i>Revenue growth</i>	<i>n/a</i>	<i>-2.2%</i>	<i>7.1%</i>	<i>-3.1%</i>
<i>Gross margin</i>	<i>29.6%</i>	<i>37.9%</i>	<i>52.4%</i>	<i>47.3%</i>
<i>EBITDA margin</i>	<i>-15.8%</i>	<i>-18.9%</i>	<i>-7.1%</i>	<i>12.0%</i>
<i>EBIT margin</i>	<i>-31.6%</i>	<i>-34.5%</i>	<i>-21.2%</i>	<i>0.1%</i>

Source: Carbonxt

In relation to the historical financial performance of Carbonxt set out above:

- ◆ Whilst revenue is highly contracted, it decreased slightly in FY24 due to a reduction in supply to the largest AC Pellet customer because of operational issues at their plant. The subsequent increase in revenue in FY25 was primarily due to a resolution of the operating issues experienced by the AC Pellet customer in the previous year and strong demand for Powder AC products from long term customers. In FY26, revenue increased by 1.4% in USD terms; however, when translated into Australian dollars, revenue declined due to foreign exchange movements.
- ◆ Continued cost optimisation at the Arden Hills and Black Birch facilities, an improved product mix and stronger pricing have resulted in a substantial improvement in gross margin over the period to FY25. In FY26, a planned outage at Arden Hills and costs associated with the relocation of the Minnesota pellet plant from Arden Hills to Albertville resulted in a lower gross margin.
- ◆ Other income over the period FY23 to FY25 primarily related to government grants, net foreign exchange gains/losses and insurance recoveries. In FY26, the increase in other income was primarily

due to a \$0.7 million fair value movement on the embedded derivatives associated with the convertible notes on issue.

- ◆ The net gain on royalty payable to Pure in FY26 was due to the delay in commissioning of the NewCarbon Facility in Kentucky. Further information on the royalty arrangement with Pure is provided in Section 4.6 below.
- ◆ Shipping costs have increased over the period due to product mix variability, location of new customer facilities and inflation.
- ◆ Employee benefits expenses increased over the period relating to staffing and business development activities in support of the NewCarbon project.
- ◆ General and administration expenses increased significantly in FY24 due to higher corporate and compliance costs associated with the Pure debt facility, the NewCarbon joint venture and the development of the Kentucky Plant. In FY26, the general and administration expenses decreased significantly due to reclassification of certain costs to salaries and employee benefits.
- ◆ Depreciation relates to owned and leased plant and equipment.
- ◆ Amortisation relates to development costs and patents.
- ◆ Interest costs increased across the period primarily due to additional debt assumed to fund the investment in NewCarbon.
- ◆ Other Comprehensive Income relates to foreign currency translation and fair value movement on embedded derivatives such as convertible notes.
- ◆ Overall, historical losses are primarily attributable to an underutilisation of existing plant facilities resulting in insufficient revenue to cover the fixed cost base. Cost cutting and efficiency initiatives have resulted in an increase in gross margin and a decrease in the net loss despite increasing interest costs between FY24 and FY26.

4.6 Financial position

The audited statements of financial position as at 30 June 2023, 30 June 2024, 30 June 2025 and 30 June 2026 set out in the table below.

Table 11: Carbonxt's financial position

Financial Position of Carbonxt (AUD'000)				
	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26
	Audited	Audited	Audited	Audited
Cash	4,306	4,142	481	553
Receivables	1,425	928	2,878	1,811
Inventory	3,306	959	966	1,251
Other current assets	206	131	245	185
Current assets	9,243	6,159	4,569	3,800
Property, plant and equipment	5,851	5,201	4,127	3,890
Intangible assets	5,771	5,612	5,297	4,635
Right of use asset	5,101	7,328	6,231	7,532
Investments	7,836	8,551	12,045	13,715
Non-current assets	24,559	26,692	27,699	29,772
Payables	(2,286)	(2,517)	(3,703)	(6,690)
Current borrowings	(9,443)	(10,322)	(11,664)	(13,347)
Contract liabilities	-	(2,703)	-	-
Current lease liabilities	(1,963)	(2,925)	(1,223)	(392)
Royalty payables	(277)	(188)	(341)	(1,286)
Convertible notes payable	-	-	(1,905)	(3,117)
Other current liabilities	(180)	(191)	(854)	(972)
Current liabilities	(14,149)	(18,847)	(19,690)	(25,804)
Non-current lease liabilities	(169)	(428)	(41)	(2,117)
Non-current royalty payables	(3,206)	(2,842)	(3,314)	(6)
Non-current liabilities	(3,376)	(3,270)	(3,355)	(2,123)
Net assets	16,277	10,735	9,223	5,645

Source: Carbonxt

In relation to the historical financial position of Carbonxt set out above:

- ◆ Cash reduced over the period as Carbonxt continued to incur operating losses and increase the investment in NewCarbon.
- ◆ The lower receivables balance at 30 June 2024 was due to reduced fourth quarter sales because of plant outages at the premises of Carbonxt's largest customer. The 30 June 2025 balance includes receivables of \$0.6 million that were past due but assessed not to be impaired, whilst the 30 June 2026 balance reflects normal operating conditions.
- ◆ Elevated inventory levels at 30 June 2023 were due to a deferral of pellet purchases by Carbonxt's largest customer in the last quarter of the year.
- ◆ The property, plant and equipment balance reduced over the period due to limited reinvestment requirements and depreciation.
- ◆ Intangible assets relate to product development and patents.
- ◆ The right of use assets and liabilities predominantly relate to production facility leases at Black Birch and Albertville (replacement for Arden Hills).
- ◆ Investments relate to the investment in NewCarbon accounted for using the equity method. Since NewCarbon has not yet generated any material profit/(loss), the carrying value is effectively equal to the amount invested (translated to Australian dollars).

- ◆ The increase in payables from FY25 is predominantly attributable to an increase in accrued expenses associated with ongoing operations, and an increase in accrued interest on the Senior Loan Facility.
- ◆ Current borrowings relate to the loan balance associated with the \$15 million Senior Loan Facility. Recurring covenant breaches have resulted in the facility being classified as a current liability. At 30 June 2025 and 30 June 2026, current borrowings also includes a small loan from a related party.
- ◆ The contract liability of \$2.7 million at 30 June 2024 is due to a prepayment received under a long-term supply agreement, which was delivered in FY25.
- ◆ Carbonxt's debt agreement with Pure also includes a royalty payable. From 31 May 2023 until the agreement is bought out, Carbonxt must pay Pure a royalty of 5% on all cash entitlements from the Carbonxt interest in NewCarbon. The royalty agreement can be bought out from 31 May 2026 (or earlier in the event of a board-recommended takeover) if the outstanding balance of the Senior Loan Facility, including any unpaid royalty, is less than \$7.5 million. The royalty liability largely represents the estimated present value of the royalty payments to Pure. The decrease in the liability as at June 2026 was due to a decrease in the estimated royalty payable as a result of the delay in the commissioning of the Kentucky Plant, reflecting a gain in the statement of financial performance.
- ◆ Other current liabilities relate to employee benefits, and to an embedded derivative liability representing the conversion option and attaching options on the convertible notes.

4.7 Cash flows

The audited statements of cash flows for the periods ended 30 June 2023, 30 June 2024, 30 June 2025 and 30 June 2026 are set out in the table below.

Table 12: Carbonxt's cash flows

Cash Flows of Carbonxt (AUD'000)				
	FY23 Audited	FY24 Audited	FY25 Audited	FY26 Audited
Receipts from customers	15,211	18,376	11,567	16,997
Payments to suppliers and employees	(17,807)	(16,372)	(16,513)	(16,508)
Interest received	51	71	10	3
Government grants received	125	43	184	-
Operating cash flow	(2,420)	2,117	(4,752)	492
Payments for investment in NewCarbon	(7,836)	(731)	(3,431)	(2,227)
Payments for property, plant and equipment	(410)	(45)	(136)	(406)
Payments for intangible assets	(813)	(321)	(55)	(3)
Investing cash flow	(9,058)	(1,097)	(3,622)	(2,636)
Issue of shares and exercise of options	8,497	2,582	5,015	1,706
Proceeds from borrowings	9,050	-	-	-
Proceeds from issue of Loyalty Option	-	-	-	546
Proceeds from convertible notes	-	-	2,665	1,650
Proceeds from director loan	-	-	100	-
Share and Loyalty Option issue transaction costs	-	-	-	(111)
Share issue transaction costs	(473)	(201)	(272)	-
Repayment of lease liability	(1,763)	(2,159)	(2,032)	(1,272)
Interest on lease liabilities	(136)	(131)	(225)	(121)
Interest and other finance costs paid	(498)	(1,219)	(713)	(222)
Financing cash flow	14,677	(1,128)	4,538	2,176
Net increase in cash	3,199	(108)	(3,836)	32
Opening cash	1,090	4,306	4,142	481
Effects of exchange rate changes on cash	17	(56)	175	40
Closing cash	4,306	4,142	481	553

Source: Carbonxt

In relation to the historical cash flows of Carbonxt set out above:

- ◆ Customer receipts increased significantly in FY24 due to a \$4.3 million upfront sale of Pellet AC products to a key customer. This also resulted in a corresponding decrease in receipts from customers in FY25.
- ◆ Funds raised from equity issued and debt drawn down have predominantly been used to fund operating losses and to increase the investment in NewCarbon.

4.8 Capital structure and shareholders

As at 10 September 2026, Carbonxt had a total of 433 million ordinary shares on issue. The following table sets out details of Carbonxt's substantial shareholders as at that date:

Table 13: Carbonxt's substantial shareholders

Shareholder	Number of shares	% Total Shares
Phelbe Pty Ltd	53,504,264	12.3%
Other	379,826,113	87.7%
TOTAL	433,330,377	100.0%

Source: Carbonxt

As at 10 September 2026, Carbonxt also had the following securities on issue:

Table 14: Other securities

Security	No. on Issue	Exercise / Conversion Price
Convertible Notes	7,815,000	\$0.08 - \$0.10
Warrants	64,000,000	\$0.07
Director Options	13,250,000	\$0.00
Entitlement Options	23,207,919	\$0.10
Unquoted Options	8,573,333	\$0.10
Listed Loyalty Options	69,776,787	\$0.07
Options (attached to Convertible Notes)	49,572,917	\$0.10

Source: Carbonxt

Note: other than the 17.5 million options attached to the convertible notes issued in Phase 1 of the restructure, the remaining attaching options are granted on exercise of the convertible note.

4.9 Share trading

The following chart shows the market trading of Carbonxt shares, for the 12 months to 10 September 2026:

Figure 6: Carbonxt's share trading over the last 12 months



Source: S&P Capital IQ

In relation to the trading of Carbonxt's shares over the past 12 months, we note the following:

- ◆ Shares were moderately liquid with an average daily volume of 128,656 shares (0.03% of current ordinary shares on issue) at a volume weighted average price ("VWAP") of 8.2 cents over the period.
- ◆ Share price and volume traded spiked in late October 2025 following announcements that the Kiln at the Kentucky Plant was completed, and that Carbonxt had invested an additional US\$0.75 million in NewCarbon, increasing its ownership to 45.9%. The share price has traded down since this time, until the announcement of the Proposed Transaction, as there have been ongoing delays with completion of the Kentucky facility.
- ◆ The share price has increased since the announcement of the Proposed Transaction.

4.10 Outlook

Carbonxt's operating performance in FY26 was largely in line with FY25. Whilst underlying EBITDA declined as a result of lower gross margins, Carbonxt reported a small positive net cash flow from operating activities. Encouragingly, gross margin improved to 52.4% in the June quarter after a planned outage at Black Birch earlier in the year. Carbonxt is in the process of moving the Minnesota manufacturing operations from Arden Hills to Albertville which is expected to result in a \$10,000 per month reduction in operating costs.

The Kentucky Plant is due to commence ramping up production in Q4 of 2026 and is expected to materially increase production capacity. Management has indicated that the facility could increase group sales capacity by more than 200%, which, if achieved, has the potential to support future revenue growth, earnings expansion and improved balance sheet metrics.

5 VALUATION METHODOLOGY

To estimate the market value of Carbonxt, we have considered common market practice and the valuation methodologies recommended in RG 111. There are a number of methods that can be used to value a business including:

- ◆ The discounted cash flow method
- ◆ The capitalisation of future maintainable earnings method
- ◆ Asset based methods
- ◆ Analysis of share market trading
- ◆ Industry specific rules of thumb

Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and availability of the required information. A detailed description of these methods and when they are appropriate is provided in Appendix 2.

5.1 Selected methodology

In selecting an appropriate valuation methodology for Carbonxt (both before and after the Proposed Transaction) we have considered the following:

Table 15: Consideration of methodologies

Method	Considerations	Approach
Discounted cash flow	◆ Carbonxt is expected to experience significant growth in the near term, driven by tightening US environmental regulations and the commissioning of the Kentucky Plant. Given the anticipated growth in earnings and cash flows, a DCF methodology is considered the most appropriate valuation method. ◆ We have been provided with financial projections to FY45 prepared by Carbonxt management. We have used the projections as a basis for our own cash flow model.	Selected
Capitalisation of earnings	◆ There are a limited number of transactions (market trading and M&A) involving companies with comparable businesses to Carbonxt. ◆ Carbonxt has experienced operating losses historically and has a relatively strong growth profile in the near-to-medium-term. Therefore, the capitalisation of earnings method is not appropriate.	Not considered
Asset based methods	◆ Carbonxt is neither an asset-based business nor an investment holding company. Asset based methods are generally not appropriate for operating businesses as they ignore the value of most internally generated intangible assets. ◆ Although Carbonxt has a history of operating losses and significant debt, we consider it to be a going concern as ongoing funding for the business is provided by major shareholders. Therefore, an asset method is not appropriate.	Not considered

Method	Considerations	Approach
Share trading	- Share market trading in Carbonxt shares has been relatively illiquid, with periods where no shares have been traded. Therefore, an analysis of share market trading is not as reliable as the DCF method as a primary valuation methodology in assessing the intrinsic value of a Carbonxt share. - As a broad cross-check to the DCF valuation: - Before the Proposed Transaction – we have analysed share market trading in Carbonxt shares before announcement of the Proposed Transaction and the control premium implied by our assessed value per share. - After the Proposed Transaction – we have compared our analysis of share market trading in Carbonxt shares since the announcement of the Proposed Transaction with our assessed value per share on a minority basis, adjusted for expected impacts associated with the Proposed Transaction.	Cross-check

6 VALUATION OF CARBONXT BEFORE THE PROPOSED TRANSACTION

6.1 Introduction

We have assessed the market value of Carbonxt using the DCF method with a cross check by reference to analysis of share trading.

6.2 Discounted cash flow analysis

In order to determine the value of the business operated by Carbonxt using the DCF method, we considered the following:

- ◆ Projected cash flows for the business
- ◆ An appropriate discount rate
- ◆ Terminal value beyond the projected cash flow period.

These are discussed below.

6.2.1 Projected cash flows

Introduction

We were provided with a forecast financial model for the period FY27 to FY45 prepared by Carbonxt management (**"the CBX Model"**). We have reviewed the reasonableness of the CBX Model and made appropriate adjustments. All cash flows are denominated in United States dollars (**"USD"**). Since the Proposed Transaction is dependent on the successful completion of the Recapitalisation Agreement described in Section 1.2, we have adopted a valuation date of 31 December 2026 being the date by which the conditions of the agreement must be satisfied or waived for Phase 2 to complete. The valuation therefore includes cashflows expected to arise after that date.

The detailed projections are not included in this report due to commercial sensitivity. However, the key assumptions underpinning the projections and the information considered in assessing the reasonableness of these assumptions are discussed below.

Key assumptions

The key forecast assumptions adopted in our model are set out in detail in Appendix 4 and summarised below:

- ◆ **Volume and pricing:** volume and pricing are forecast at a production facility level. For the existing operating facilities in Minnesota and Georgia, volume and pricing are estimated by customer. We have assessed these assumptions by reviewing historical performance, customer contracts and recent correspondence with customers. For the Kentucky Plant, volume is based on the production capacity of the plant which is supported by regulatory changes expected to underpin demand for activated carbon products whilst pricing is based on current market pricing for similar products.
- ◆ **Gross profit:** gross margin is forecast at a customer and facility level. The resulting gross margin is consistent with historical actual gross margin with a small improvement primarily as a result of the scale benefits of increased sales volumes.
- ◆ **Other operating expenses:** primarily relate to head office overheads and public company operating costs and are consistent with historical actual expenses.
- ◆ **Capital expenditure:** it is assumed that plant and equipment will be replaced in accordance with the useful lives assessed by the company which are consistent with the useful lives adopted in the audited financial statements of Carbonxt.
- ◆ **Tax:** a blended corporate tax rate of 27% has been applied which is based on the US federal corporate income tax rate of 21% plus state income tax of 6%. We have also included Carbonxt's tax losses in our cash flow projections.

Other assumptions

We have adopted an inflation rate of 2.5% throughout the forecast period, which is broadly consistent with average inflation experienced in the United States over the past five years. In the terminal year, we have adopted an inflation rate of 2.0% reflecting the Federal Reserve's long-term inflation target and the expectation that inflation will normalise over the longer term.

Reasonableness of assumptions

While we have not undertaken a review of management projections in accordance with AUS 804 – The Audit of Prospective Financial Information, we have discussed the key assumptions with management, made independent enquiries, and made changes to the assumptions adopted in the CBX Model where appropriate. Based on this analysis we consider these assumptions to be reasonable for the purposes of our analysis.

6.2.2 Discount rate

We have applied a discount rate of 12% to 14% (nominal, post-tax, WACC) to the projected cash flows. We calculated the discount rate using the Capital Asset Pricing Model (“CAPM”) based on the assumptions set out in Appendix 5.

6.2.3 Terminal value

The terminal value represents the value of the cash flows beyond the projection period. Terminal values are calculated based on the expected long-term growth rate of future cash flows. We have applied a terminal growth rate of 2% in line with the target inflation for the US. Furthermore, in determining appropriate cash flows to use in the terminal value calculation, we have set capital expenditure equal to depreciation plus 20% to reflect that in the long-term average capital expenditure should exceed depreciation due to inflation.

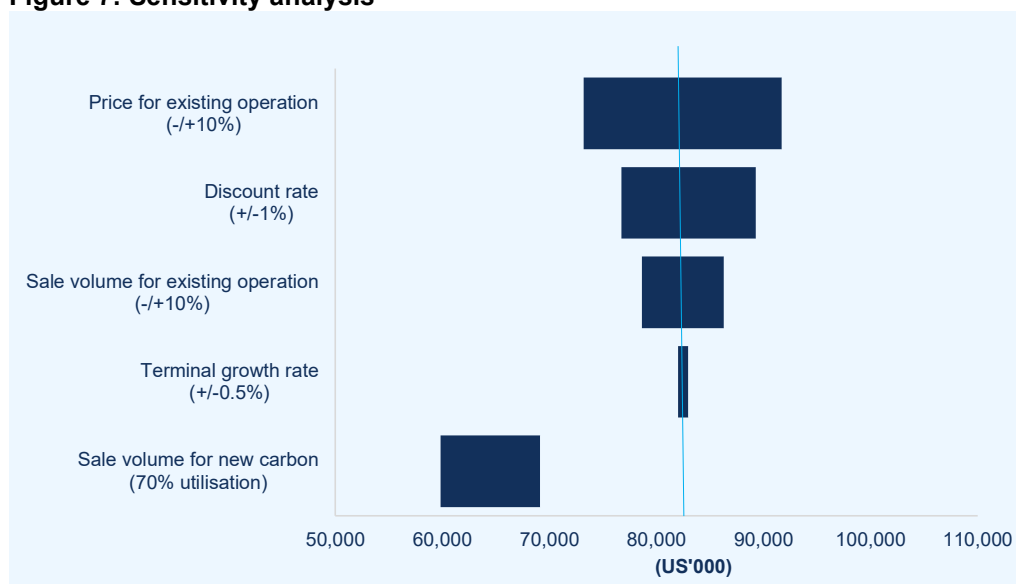
6.2.4 Discounted cash flow summary

Based on the analysis above, we have assessed the enterprise value of Carbonxt to be in the range of US\$76.33 million to US\$88.62 million.

6.2.5 Sensitivities

The value derived from the DCF analysis is sensitive to changes in assumptions. In particular, the analysis above is highly sensitive to changes in the discount rate, terminal growth rate, sales volume for NewCarbon (downside only), sales price and volume of the existing business (+/-10%) as set out in the figure below:

Figure 7: Sensitivity analysis



Source: Leadenhall analysis

Note: only the downside of New Carbon sales volume is presented since the cash flow forecasts sales at approximately 90% of plant capacity.

6.2.6 Assessed enterprise value

Based on the analysis above, we have selected an enterprise value for Carbonxt to be in the range of US\$76.33 million to US\$88.62 million or AU\$106.51 million to AU\$123.66 million translated at the AUD/USD exchange rate of 0.7166 published by the Reserve Bank of Australia on 31 August 2026.

6.3 Equity value

In order to assess the equity value of Carbonxt, it is necessary to identify any non-operating assets and liabilities not used in generating the enterprise value. These can be:

- ◆ **Surplus assets:** assets held by the company that are not utilised in its business operation. This could be investments, unused plant and equipment held for resale, or any other assets not required to run the operating business. It is necessary to ensure that any income from surplus assets (i.e. rent / dividends) is excluded from the business value.
- ◆ **Non-operating liabilities:** liabilities of a company not directly related to its current business operations, although they may relate to previous business activities, for example claims against the entity.
- ◆ **Surplus cash / net debt:** comprising of surplus cash held by the company, less debt used to fund a business.

As at the valuation date, Carbonxt does not have any surplus assets or non-operating liabilities.

The estimated net debt position of Carbonxt, as at the valuation date, is set out in the table below:

Table 16: Net debt summary (before Proposed Transaction)

Net Debt (\$'000)	
Cash	553
Borrowings	(15,556)
Interest payable	(2,813)
Net cash / (debt) as at 30 June 2026	(17,816)
Add:	
Forecast operating cash flow (July - Dec 26)	1,922
Cash proceeds from issue of convertible notes to Phelbe in Phase 1	2,000
Cash from assumed exercise of entitlement options	2,068
Debt offset from assumed exercise of Pure's entitlement options	253
Debt offset from issue of Pure convertible notes in Phase 1	1,500
Accrued interest on Pure debt facility (July - Dec'26)	(730)
Forecast net debt at 31 December 2026	(10,802)

Source: Leadenhall analysis

Note: For the purpose of assessing the net debt of Carbonxt, we have converted the forecast cash flow between 1 July 2026 and 31 December 2026 to AUD based on the AUD/USD foreign exchange rate of 0.7166 as published by the Reserve Bank of Australia on 31 August 2026.

- ◆ **Cash:** reflects cash and bank balances held by Carbonxt. There are no restrictions on the use of cash balances. Since the valuation date is 31 December 2026, we have adjusted the cash balance for:
 - Forecast net operating cash flows generated between 1 July 2026 to 31 December 2026.
 - \$2.0 million proceeds received on 6 July 2026 from the issue of convertible notes to Phelbe in Phase 1 of the Recapitalisation Agreement.
 - Cash received and debt offset from the assumed exercise of entitlement options that expire on 29 November 2026 (detailed calculations included in Appendix 6). The exercise of these options is consistent with the Recapitalisation Agreement (Pure) and Proposed Transaction (Phelbe) while the remaining options are in the money based on our valuation and as such, we have assumed they will be exercised. We note that if the options are not exercised, there would be no material impact on our valuation conclusion.
- ◆ **Borrowings:** primarily comprise the Senior Loan Facility provided by Pure to fund Carbonxt's investment in NewCarbon Processing LLC, product development and working capital, together with a small director loan balance. We have adjusted the borrowings balance for:

- The subscription price of the convertible notes issued to Pure in Phase 1 which is offset against the Senior Loan Facility.
- Accrued interest on the Pure loan facility between July and December 2026 (calculated by applying the interest rate of 9.5% per annum to the principal balance as at 30 June 2026 of \$15.56 million).

Based on the above, the assessed total equity value (i.e. including the value of convertible notes, options and warrants) of a 100% interest in Carbonxt on a control basis is:

Table 17: Valuation summary (before Proposed Transaction)

Equity Value Control Basis (Before Proposed Transaction)		
AUD'000	Low	High
Enterprise value (US\$)	76,328	88,615
AUD/USD	0.7166	0.7166
Enterprise value (AU\$)	106,514	123,661
Forecast net debt at 31 December 2026	(10,802)	(10,802)
Equity value (AU\$)	95,711	112,858

Source: Leadenhall analysis

Note: For the purpose of assessing the equity value of Carbonxt, we have converted the assessed enterprise value to AUD based on the AUD/USD foreign exchange rate of 0.7166 as published by the Reserve Bank of Australia on 31 August 2026.

6.4 Allocation of value to equity instruments on issue

In order to determine the value of a Carbonxt ordinary share before the Proposed Transaction we must first allocate value to the other equity and convertible instruments on issue, with the remainder attributable to ordinary shares. A summary of the various equity instruments on issue, and our assessed value of these instruments, is set out in the table below:

Table 18: Allocation of equity value before the Proposed Transaction

AU\$'000	Low	High
Equity value (control basis)	95,711	112,858
Value allocated to:		
Convertible notes	9,481	9,692
Pure warrants	5,446	7,108
Unquoted options	450	679
Listed loyalty options	6,895	8,608
Option (attached to convertible notes)	3,827	4,998
Ordinary shares	69,612	81,774
Total equity value	95,711	112,858

Source: Leadenhall analysis

Notes:

1. We have assumed that the 13.25 million director options expiring on 20 October 2026 lapse given it is very unlikely that the vesting conditions will be met before expiry.
2. The value attributable to the convertible notes includes the debt and conversion option value.

We assessed the value of the options and convertible instruments based on the following:

- ◆ We assessed the value of the convertible debt as a loan instrument, plus a conversion option.
- ◆ We used the Black-Scholes option pricing model
- ◆ The spot price was assumed to be 15 cents to 18 cents
- ◆ We assessed volatility to be 80% as set out in Appendix 7
- ◆ The equity value remaining after deducting the value of all other equity instruments is attributable to ordinary shares.

The number of ordinary shares on issue before the proposed transaction is 456,538,296 as set out in the table below.

Table 19: Number of ordinary shares on issue before the Proposed Transaction

Shareholder	Number of shares
Existing (Phelbe)	53,504,264
Existing (Other)	379,826,113
Entitlement options (Phelbe)	5,750,000
Entitlement options (Pure)	2,530,242
Entitlement options (Other)	14,927,677
Total	456,538,296

Source: Leadenhall analysis

6.5 Assessed value of an ordinary share before the Proposed Transaction

Based on the above, our assessed value of an ordinary share on a control basis before the Proposed Transaction is 15 cents to 18 cents as set out in the table below.

Table 20: Value of an ordinary share before the Proposed Transaction (control basis)

AU\$'000	Low	High
Equity value attributable to ordinary shares	69,612	81,774
Number of ordinary shares on issue ('000)	456,538	456,538
Value of an ordinary share (\$) (control basis)	0.15	0.18

Source: Leadenhall analysis

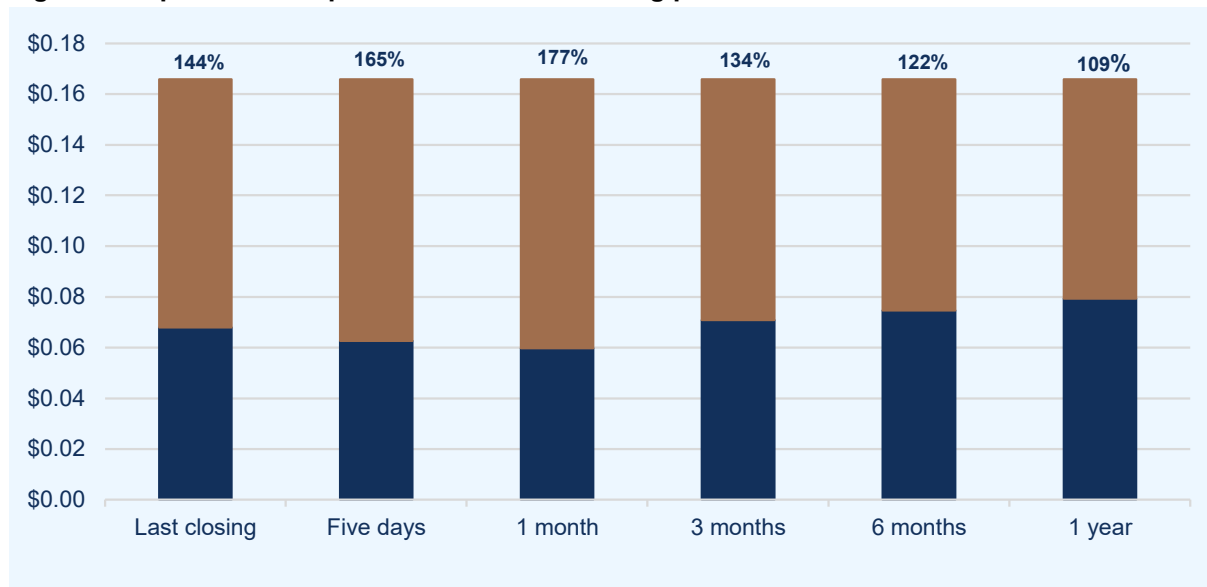
6.6 Analysis of Share Trading Cross-Check

Market trading in Carbonxt provides an indication of the market's assessment of the value of Carbonxt on a minority basis. We have presented an analysis of recent trading in Carbonxt shares in Section 4.9 above. When assessing market trading, it is necessary to consider whether the market is informed and liquid. In this regard, we note:

- Carbonxt shares are widely held. However, average daily value traded was approximately \$8,704 over the past two years and \$8,870 over the last twelve months. This level of trading activity is well below that at which many institutional investors may wish to trade, potentially deterring other significant investors.
- Carbonxt is a listed company with continuous disclosure obligations under the ASX Listing Rules, thus the market is reasonably informed about its activities.

As a result of these factors, we consider the market trading to be reasonably well-informed but illiquid. We have therefore undertaken only a high-level analysis of share market trading by assessing the level of control premium implied by our mid-point valuation range compared to the VWAP of a Carbonxt share over various periods in the year preceding the announcement of the Proposed Transaction, as set out in the figure below.

Figure 8: Implied control premium to market trading prices



Source: S&P Capital IQ and Leadenhall analysis

The generally observed range for control premiums is between 20% and 40%. In addition, the average takeover premium observed for transactions in the materials sector in Australia between 2012 and 2025 was 42%. Further information on observed control premiums and takeover premiums is included in Appendix 9.

The control premium implied by our assessed value of a Carbonxt share exceeds the generally observed range. However, we do not consider this to be unreasonable as for the purposes of evaluating the Proposed Transaction we have assumed that the Kentucky Plant is operating since one of the conditions precedent for Phase 2 is US\$1 million of revenue generated from the Kentucky Plant. Conversely it is likely that the current share price still includes some probability that the operations of the Kentucky Plant may be further delayed. As such it is not unexpected that our assessed value is higher than the current share price resulting in a control premium in excess of the generally observed range.

6.7 Conclusion on Value Before the Proposed Transaction

Based on our DCF analysis and share trading cross-check, we have selected a valuation range for a share in Carbonxt of between 15 cents and 18 cents, on a control basis as at the valuation date.

7 VALUATION OF CARBONXT AFTER THE PROPOSED TRANSACTION

7.1 Introduction

RG111.25 requires an independent expert to evaluate an issue of securities under s611 as if it was a takeover offer. If the Proposed Transaction is approved, the Shareholders will continue to own a share in Carbonxt, therefore the consideration for Shareholders is a post transaction share in Carbonxt. The value of a Carbonxt share after the Proposed Transaction has been assessed on a minority interest basis (i.e. excluding a control premium) as the Shareholders will own a minority stake in Carbonxt should the Proposed Transaction proceed.

In order to assess the value of a Carbonxt share after the Proposed Transaction, we have assessed:

- ◆ The enterprise value of Carbonxt before the Proposed Transaction on a control basis (Section 6.2.6).
- ◆ Adjustments to net debt in relation to the expected impacts of the Proposed Transaction.
- ◆ The number of shares expected to be on issue after the Proposed Transaction.
- ◆ A DLOC as the Shareholders would own a minority stake in Carbonxt should the Proposed Transaction proceed.

Since the Proposed Transaction is dependent on the successful completion of the Recapitalisation Agreement we have assumed that all requirements of Phase 2 are satisfied on the valuation date for the purpose of evaluating the value of a Carbonxt share after the Proposed Transaction.

7.2 Equity value after the Proposed Transaction

7.2.1 Enterprise value of Carbonxt on a control basis

As set out in Section 6.2.6, we have assessed the enterprise value of Carbonxt on a control basis to be between US\$76.33 million to US\$88.62 million. The enterprise value of Carbonxt is the same before and after the Proposed Transaction.

7.2.2 Net debt after the Proposed Transaction

Phase 2 of the Recapitalisation Agreement requires the following equity instruments be exercised:

- ◆ Phelbe to exercise 37.9 million options raising cash proceeds of \$3.55 million (detailed calculations included in Appendix 6)
- ◆ Pure to exercise 64 million warrants and 2.5 million options¹⁴ for a total exercise price of \$4.73 million (detailed calculations included in Appendix 6) which will be set off against the outstanding balance of the Senior Loan Facility.

In addition, as part of the Proposed Transaction, Carbonxt is seeking approval for Phelbe to exercise:

- ◆ 11.0 million options for total cash proceeds of \$0.89 million (detailed calculations included in Appendix 6)

Where applicable, we have assumed that the early exercise discount applies since this is a requirement of the Recapitalisation Agreement and the Proposed Transaction is subject to the successful implementation of the Recapitalisation Agreement.

Based on the above the net debt position of Carbonxt after the Proposed Transaction is summarised in the table below.

¹⁴ In total Pure is required to exercise 5 million options. The other 2.5 million options relate to the entitlement options that are assumed to be exercised before expiry on 29 November 2026 as set out in Section 6.3.

Table 21: Net debt summary (after Proposed Transaction)

Net Debt	
Forecast net debt as at 31 December 2026 (before Proposed Transaction)	(10,802)
Add:	
Proceeds from exercise of Phelbe convertible note options	3,551
Proceeds from exercise of other Phelbe options	895
Debt offset from exercise of Pure Warrants and options	4,730
Forecast net debt as at 31 December 2026 (after Proposed Transaction)	(1,627)

Source: Leadenhall analysis

7.2.3 Assessed equity value after the Proposed Transaction

Based on the above, the assessed equity value of a 100% interest in Carbonxt after the Proposed Transaction is:

Table 22: Valuation summary (after Proposed Transaction)

Equity Value Control Basis (After Proposed Transaction)		
AUD'000	Low	High
Enterprise value (AU\$)	106,514	123,661
Forecast net debt at 31 December 2026	(1,627)	(1,627)
Equity value (AU\$)	104,887	122,034

Source: Leadenhall analysis

7.3 Allocation of value to equity instruments on issue

A summary of the various equity instruments on issue, and our assessed value of these instruments after the Proposed Transaction, is set out in the table below:

Table 23: Allocation of equity value after the Proposed Transaction

AU\$'000	Low	High
Equity value (control basis)	104,887	122,034
Value allocated to:		
Convertible notes (conversion option)	2,577	2,631
Unquoted options	83	125
Listed loyalty options	5,845	7,146
Option (attached to convertible notes)	882	1,113
Ordinary shares	95,499	111,019
Total equity value	104,887	122,034

Source: Leadenhall analysis

We assessed the value of the options and convertible instruments on the same basis as before the Proposed Transaction other than the removal of convertible notes, options and warrants that are converted as part of Phase 2 and the Proposed Transaction. The option pricing model was modified to take account of the early exercise discount.

Prior to the Proposed Transaction there are 456,538,296 ordinary shares on issue as set out in Section 6.4. Due to the conversion and exercise of equity securities, the following additional ordinary shares will be on issue after the proposed transaction:

Table 24: Ordinary shares on issue after the Proposed Transaction

Shareholder	Number of shares
Existing shares	
Phelbe	59,254,264
Other	397,284,032
Total existing shares	456,538,296
New shares issued	
Conversion of convertible notes (Phelbe)	87,297,113
Exercise of attached options (Phelbe)	37,916,667
Exercise of warrants (Pure)	64,000,000
Exercise of unquoted options (Phelbe)	4,250,000
Exercise of unquoted options (Pure)	2,500,000
Exercise of listed loyalty options (Phelbe)	6,707,635
Total new shares issued	202,671,415
Total shares after Proposed Transaction	659,209,711
<i>Phelbe's shareholding after Proposed Transaction</i>	<i>195,425,679</i>
<i>Phelbe's interest after Proposed Transaction (%)</i>	<i>29.6%</i>

Source: Carbonxt and Leadenhall analysis.

7.4 Value of an ordinary share after the Proposed Transaction

7.4.1 Value of an ordinary share (control basis)

Based on the above, the value of an ordinary share after the Proposed Transaction on a control basis is set out in the table below.

Table 25: Value of an ordinary share after the Proposed Transaction (control basis)

AU\$'000	Low	High
Equity value attributable to ordinary shares	95,499	111,019
Number of ordinary shares on issue ('000)	659,210	659,210
Value of an ordinary share (\$) (control basis)	0.14	0.17

Source: Carbonxt and Leadenhall analysis

7.4.2 Discount for lack of control

As Shareholders would retain their Carbonxt shares if the Proposed Transaction proceeds, they would continue to own a minority interest in Carbonxt. Consistent with the requirements of RG 111, the value of the consideration must be determined on a minority interest basis. In order to estimate the value of an ordinary share on a minority basis it is necessary to apply a DLOC to the value of a 100% interest in the equity of the business. This discount takes into account the lack of control that a minority shareholder has over the affairs of a company and is described further in Appendix 9.

A DLOC is effectively the inverse of a control premium. Australian studies have indicated that control premiums generally range from 20% to 40%. This implies a range for DLOC of approximately 17% to 29%. In selecting an appropriate DLOC we have considered:

Table 26: Factors affecting DLOC

DLOC considerations	
Factors indicative of lower DLOC	Factors indicative of higher DLOC
- The Board currently comprises a chairman, one non-executive director and one executive director. Both the chairman and the non-executive director are independent. The independent board representation enhances transparency and investor confidence. - None of the shareholders directly control the Board.	After the Proposed Transaction, Phelbe will own a 29.6% interest in Carbonxt. Phelbe would be able to block a special resolution.

Source: Leadenhall analysis

As a result of these considerations, we have selected a DLOC of 20% to 25% which is approximately the mid-point of the generally observed range. Any alternate reasonable assessment of DLOC would not impact our conclusion in respect of the Proposed Transaction.

7.4.3 Assessed value of an ordinary share after the Proposed Transaction (minority basis)

The value of an ordinary share after the Proposed Transaction, on a minority basis is set out in the following table:

Table 27: Valuation summary

AU\$	Low	High
Equity value attributable to ordinary shares	95,499	111,019
Number of ordinary shares on issue ('000)	659,210	659,210
Value of an ordinary share (control basis)	0.14	0.17
Discount for lack of control (20% to 25%)	(0.04)	(0.03)
Value of an ordinary share (\$) (Minority basis)	0.11	0.13

Source: Carbonxt and Leadenhall analysis

7.5 Analysis of Share Trading Cross-Check

After the announcement of the Proposed Transaction, Carbonxt shares have traded in the range of 6.8 cents and 8.8 cents. Whilst our assessed value is higher than recent trading prices, for the same reasons discussed in Section 6.6, we consider that the share price includes a higher risk of failure/delay at the Kentucky Plant than our valuation analysis.

7.6 Conclusion on Value After the Proposed Transaction

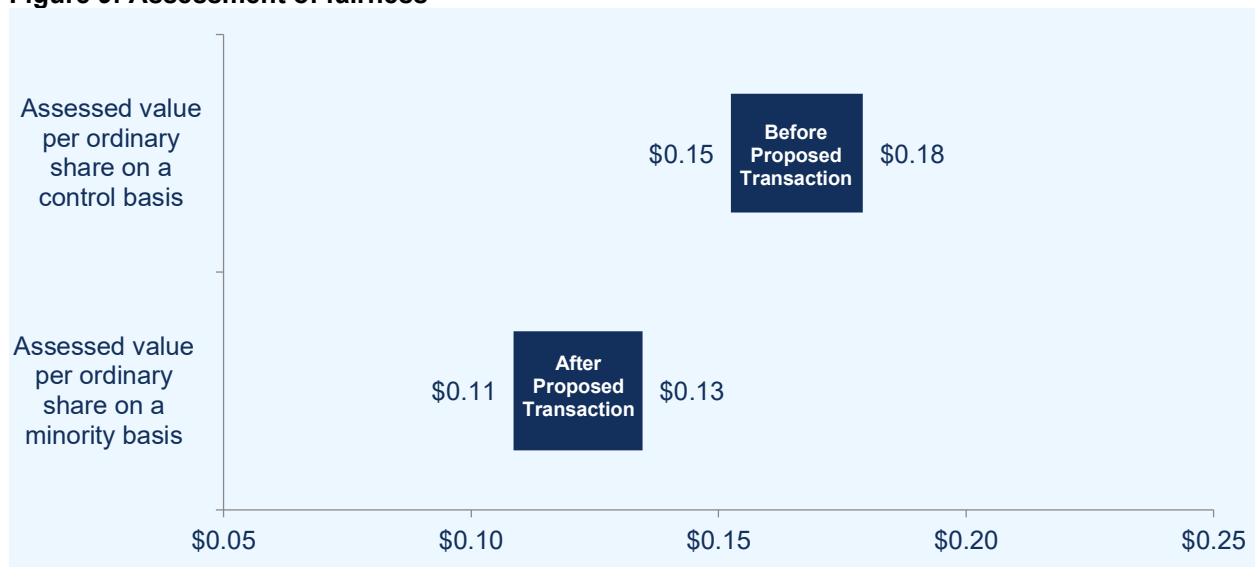
Based on our DCF analysis, we have selected a valuation range for a Carbonxt ordinary share after the Proposed Transaction of between 11 cents and 13 cents on a minority basis.

8 EVALUATION

8.1 Fairness

As set out above, in determining whether the Proposed Transaction is fair, we are required to assess the value of a Carbonxt ordinary share before the transaction on a control basis (i.e. assuming 100% control of the entity) even though Phelbe will not achieve majority control as a result of the Proposed Transaction. After the Proposed Transaction, minority shareholders will retain their minority interest in Carbonxt. As such, the value of a Carbonxt share after the Proposed Transaction has been assessed on a minority basis which includes the application of a DLOC. The following figure shows our assessed values before and after the Proposed Transaction on this basis.

Figure 9: Assessment of fairness



Source: Leadenhall analysis

As the value of a Carbonxt ordinary share after the Proposed Transaction (on a minority basis) is lower than the assessed value range of a Carbonxt ordinary share before the Proposed Transaction (on a control basis), we have assessed the Proposed Transaction to be not fair.

8.2 Reasonableness

We have defined the Proposed Transaction as reasonable if it is fair, or if despite not being fair, there are sufficient reasons for Carbonxt's shareholders to vote for the proposal. We have therefore considered the following advantages and disadvantages of the Proposed Transaction to shareholders.

Advantages

Avoiding a distressed debt situation

The Recapitalisation Agreement was negotiated by Pure, Phelbe and Carbonxt to benefit all parties. If any party fails to deliver on the expected commitments, including the Proposed Transaction, for any reason, it is possible that the other parties will not deliver on their commitments. If the Recapitalisation Agreement does not proceed then Carbonxt would immediately be in default on the Senior Loan Facility and enforcement action by Pure could result in a nil return to ordinary shareholders.

If Shareholders do not approve the Proposed Transaction, Carbonxt could attempt to enforce the Phase 2 obligations of Pure and Phelbe as far as possible without any party exceeding 19.99% ownership of Carbonxt. However, given Carbonxt's limited resources, the time and cost involved with such a process would make such action impractical.

No superior alternatives available

Carbonxt management have explored alternative sources of capital to refinance or pay out the Senior Loan Facility. Given the delays and continued uncertainty in respect of the Kentucky Plant and limited profitability of the existing business, management were not able to source alternative debt finance at interest rates comparable to the existing facility. For similar reasons, management were unable to identify any investors that were willing to contribute the level of capital needed, or if interested, pricing would be at a significant discount to the prevailing share price which would be more dilutionary than the Recapitalisation Agreement and the Proposed Transaction.

Maintaining good relationships with Pure and Phelbe

By entering into the Recapitalisation Agreement, Pure and Phelbe have demonstrated a willingness to support Carbonxt through enforcement forbearance and provision of capital required to continue to operate the business and progress the Kentucky Plant. If the Proposed Transaction is not approved, it is likely that the relationship with Phelbe and Pure will deteriorate which could prove costly if Carbonxt requires further support in the future.

Impact on share price

Post announcement of the Proposed Transaction, the Carbonxt share price increased slightly. If the Proposed Transaction is not approved and as a result the Recapitalisation Agreement is not completed, it is likely that the share price of Carbonxt will fall.

Disadvantages

Dilution of interests

Based on our assessed values of a Carbonxt ordinary share before and after the Proposed Transaction on a control basis, the Proposed Transaction will dilute the interests of ordinary shareholders.

Increase in interest of Phelbe

If the Proposed Transaction is approved, Phelbe will increase its interest in Carbonxt from 12.3% to 29.6%. Whilst this level of interest does not provide Phelbe with full control, it would allow Phelbe to block a special resolution.

Conclusion on reasonableness

In our opinion, if the Proposed Transaction is not approved, Pure and Phelbe may not deliver on their commitments under the Recapitalisation Agreement and enforcement action could be pursued by Pure as a result of default on the Senior Loan Facility, leaving shareholders with nothing. Consequently, we consider it reasonable that Shareholders vote in favour of the Proposed Transaction to avoid a possible distressed debt situation.

8.3 Opinion

The Proposed Transaction is not fair but reasonable to Shareholders.

An individual shareholder's decision in relation to the Proposed Transaction may be influenced by their own particular circumstances. If in doubt, the shareholder should consult an independent financial adviser.

APPENDIX 1: GLOSSARY

Term	Meaning
AC Pellet or ACP	Activated carbon pellets
AC Powder or PAC	Activated carbon powder
APES 225	APES 225 – Valuation Services issued by the Accounting Professional & Ethical Standards Board
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
AUD	Australian Dollar
CAGR	Compound Annual Growth Rate
Capex	Capital expenditure
CAPM	Capital Asset Pricing Model
Carbonxt	Carbonxt Group Limited
CBX Model	Three-way integrated forecast financial model for the period FY27 to FY45 prepared by Carbonxt management
Corporations Act	The Corporations Act 2001
DCF	Discounted cash flow
DLOC	Discount for lack of control
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPA	Environmental Protection Agency
FSG	Financial Services Guide
FY	Financial year
Granular AC or GAC	Granular activated carbon
Item 7	Item 7 of Section 611 of the Corporations Act
KCP	Kentucky Carbon Processing, LLC
Kentucky Plant	Activated carbon production facility owned by NewCarbon
Leadenhall	Leadenhall Corporate Advisory Pty Ltd
Market value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion
MATS	Mercury and Air Toxics Standards
NewCarbon	NewCarbon Processing, LLC
NPAT	Net profit after tax
Phelbe	Phelbe Pty Ltd
PFAS	Per- and polyfluoroalkyl substances
Proposed Transaction	The conversion of all convertible notes and exercise of all options held by Phelbe
Pure	Pure Asset Management
RG111	Regulatory Guide 111: Content of Expert Reports
RG74	Regulatory Guide 74: Acquisitions Approved by Members
s606	Section 606 of the Corporations Act 2001
s611	Section 611 of the Corporations Act 2001
Senior Loan Facility	\$15 million debt facility with Pure
Shareholders	Shareholders not associated with the Proposed Transaction
US	United States of America
VOC	Volatile organic compound

Term	Meaning
VRC	Valuation Research Corporation
VWAP	Volume weighted average price
WACC	Weighted Average Cost of Capital

APPENDIX 2: VALUATION METHODOLOGIES

In preparing this report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- ◆ The discounted cash flow method
- ◆ The capitalisation of earnings method
- ◆ Asset based methods
- ◆ Analysis of share market trading
- ◆ Industry specific rules of thumb

The selection of an appropriate valuation method to estimate fair market value should be guided by the actual practices adopted by potential acquirers of the company involved.

Discounted cash flow method

Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- ◆ A forecast of expected future cash flows
- ◆ An appropriate discount rate

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.

Use of the discounted cash flow method

A discounted cash flow approach is usually preferred when valuing:

- ◆ Early stage companies or projects
- ◆ Limited life assets such as a mine or toll concession
- ◆ Companies where significant growth is expected in future cash flows
- ◆ Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if:

- ◆ Reliable forecasts of cash flow are not available and cannot be determined
- ◆ There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

Capitalisation of earnings method

Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- ◆ A level of future maintainable earnings
- ◆ An appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

- ◆ **Revenue** – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.
- ◆ **EBITDA** - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.
- ◆ **EBITA** - in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business.
- ◆ **EBIT** - whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation).
- ◆ **NPAT** - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company.

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources. Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. It is also possible to build a multiple from first principles.

Use of the capitalisation of earnings method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- ◆ There are no suitable listed company or transaction benchmarks for comparison
- ◆ The asset has a limited life
- ◆ Future earnings or cash flows are expected to be volatile
- ◆ There are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets

Asset based methods

Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset based methods including:

- ◆ Orderly realisation
- ◆ Liquidation value
- ◆ Net assets on a going concern basis
- ◆ Replacement cost
- ◆ Reproduction cost

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

The asset / cost approach is generally used when the value of the business' assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

Use of asset based methods

An asset-based approach is a suitable valuation method when:

- ◆ An enterprise is loss making and is not expected to become profitable in the foreseeable future
- ◆ Assets are employed profitably but earn less than the cost of capital
- ◆ A significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments)
- ◆ It is relatively easy to enter the industry (for example, small machine shops and retail establishments)

Asset based methods are not appropriate if:

- ◆ The ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets
- ◆ A business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets

Analysis of share trading

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

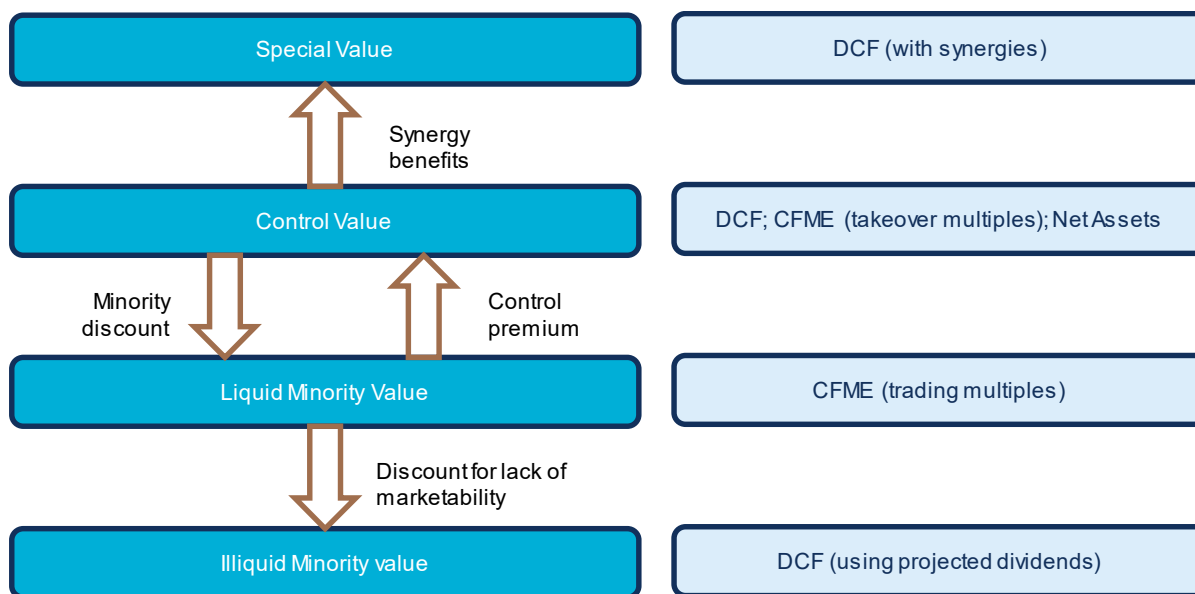
Industry specific rules of thumb

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as eyeballs for internet businesses, numbers of beds for hotels etc. These methods are typically fairly crude and are therefore usually only appropriate as a cross-check to a valuation determined using an alternative method.

APPENDIX 3: LEVELS OF VALUE

Background

When valuing a company there are various conceptual levels of value that can be determined depending on the method selected and the assumptions applied. These levels are highlighted in the diagram below. It is important to be aware of the level of value determined by any valuation technique and to ensure that it is consistent with the subject of the valuation.



The key differences between these levels of value are the control premium and the discount for lack of marketability. The opposite of a control premium is a minority discount (also known as a discount for lack of control). The control premium is discussed further in Appendix 9.

Each of these levels of value and the valuation techniques for deriving them are discussed below. It is also possible to determine the value at any of the levels by starting at a different level of value and then applying the relevant discounts and/or premiums to obtain the required level of value. For example, an illiquid minority value could be determined by using a discounted cash flow method to determine a control value and then deducting an appropriate minority discount and a discount for lack of marketability.

Special value

The highest level of value is referred to as special value. This is the value of a company to a particular purchaser, where that purchaser is able to enjoy benefits of owning the company that are not available to other potential owners. Special value is not typically observed as a buyer would not benefit its own shareholders if it paid the full amount of special value in a transaction. However, in contested takeover situations transactions often take place at a price that is higher than the stand-alone control value, meaning the value of some synergies is paid by the bidder to the target's shareholders. The definitions of Fair Market Value specifically excludes any special value.

Special value can be estimated using a discounted cash flow analysis. This analysis would include the expected synergy benefits in the forecast cash flows.

Control value

The next level of value is the stand-alone control value. This represents the value of the whole of an entity, without considering any potential synergy benefits. The benefits of controlling an enterprise are discussed further in Appendix 9. A control value can be determined using one of the following approaches:

- ◆ Discounted cash flow (using free cash flow to the business or to equity)
- ◆ Capitalisation of earnings, using multiples for comparable transactions

- ◆ Capitalisation of earnings, using multiples derived from first principles (analogous to a discounted cash flow)
- ◆ A net asset based approach

It is possible that transactions involving comparable entities include some element of payment for synergies. Thus, using multiples determined by this method may provide a valuation that is higher than a stand-alone control value. It is therefore necessary to consider the nature of the buyer and the details of the transaction before accepting a comparable transaction as evidence of a control value.

Liquid minority value

This is the most frequently observed level of value as it is consistent with market trading on public exchanges. It can be determined directly by the application of the capitalisation of maintainable earnings, where the multiple used is determined based on market prices of comparable companies.

Illiquid minority value

This represents a minority holding in a private company. Such a stake can be difficult to sell and often offers little ability to influence the operations of the business. This level of value is mostly commonly estimated by reference to a higher level of value and the application of discounts. However, it can be estimated directly either by considering comparable transactions involving similar assets or the application of a discounted cash flow analysis based on expected cash flows to the minority owner. In some cases, the shareholders' agreement can restrict the transfer and sale of shares to third parties which increases the applicable discount.

APPENDIX 4: DISCOUNTED CASH FLOW ASSUMPTIONS

A detailed description of the assumptions adopted for the purposes of our discounted cash flow analysis are set out below:

Revenue – Black Birch (BBF)

Assumptions

- ◆ Total sales volume is forecast to increase by 25% in FY28 and stabilise thereafter. The increase is driven by increased sales to a major existing customer.
- ◆ Forecast volume includes 1,180 tons per annum attributable to one-off purchase orders and new customer acquisitions.
- ◆ Total forecast sale volume is expected to remain below the full production capacity.
- ◆ Sale prices are assumed in line with customer contracts and are escalated annually by inflation, except for Reworld, where prices are assumed to remain unchanged throughout the forecast period.

Rationale

- ◆ Forecast sales volumes are broadly consistent with FY25 and FY26 historical averages across all major customers, with the exception of Reworld.
- ◆ Forecast sale volume for Reworld is in line with existing contract and the customer's latest commitment to purchase 100% of expected volumes for CY27.
- ◆ The additional volume assumption relates to uncontracted clients and new customer acquisitions. In FY25 and FY26 a total of 1,206 and 1,156 tons respectively was sold to uncontracted customers. The forecast of 1,180 tons is in line with average FY25 and FY26 volumes.
- ◆ While the existing customer contracts are due to expire within the next six years, management expects these contracts to be renewed or extended, underpinned by the company's longstanding customer relationships and customers' ongoing regulatory compliance requirements. Therefore, we consider the forecast volumes to be reasonable.
- ◆ As at 30 June 2026, capacity utilisation was approximately 73.0% at BBF and the increased volumes for Reworld are within the production capacity of the plant.
- ◆ Forecast sales prices are broadly consistent with actual historical pricing achieved in FY25 and FY26. Pricing on the additional volume is lower than actual weighted average pricing achieved in FY25 and FY26 but is in line with pricing on recent purchase orders.

Revenue – Arden Hills (AHF)

Assumptions

- ◆ Total sales volumes are forecast to be 3,650 tons in FY27 before returning to 2,940 per annum for the remainder of the forecast period.
- ◆ Sale prices are assumed to be in line with customer contracts and are escalated annually by inflation.

Rationale

- ◆ Forecast sales volumes in FY27 reflects a temporary increase in demand from WPS and increased committed purchase volumes from a tolling customer.
- ◆ Forecast sales volumes for WPS reflect elevated demand arising from increased power generation following the outage of another power plant. Volumes are expected to normalise from FY28 and are consistent with FY25 and FY26 historical averages.
- ◆ Forecast tolling sales volumes reflect a customer's increased purchase commitment, effective from the December 2026 quarter.
- ◆ While the existing customer contracts are due to expire within the next five years, management expects these contracts to be renewed or extended, reflecting the company's longstanding customer relationships and customers' ongoing regulatory compliance requirements. Therefore, we consider the forecast volumes to be reasonable.
- ◆ As at 30 June 2026, capacity utilisation was approximately 57.3% at AHF. Increased production is forecast at AHF and is within the available capacity of the existing facility.
- ◆ Forecast sales prices are broadly consistent with actual historical pricing achieved in FY25 and FY26.

Other Income

Assumptions

- ◆ Other income represents the shipping revenue associated with a specific customer contract.

Rationale

- ◆ Some contracts provide for shipping cost recovery. The forecast recovery rates are in line with the contracted rates.

Cost of production and gross margin (BBF and AHF)

Assumptions

- ◆ Production costs are forecast at a customer level and expressed on a per-pound basis.
- ◆ Production costs are forecast at US\$0.24/lb for all customers purchasing PAC and between US\$0.50/lb and US\$0.53/lb for ACP, with costs escalated annually by inflation.
- ◆ Gross margin is forecast to increase from 52.8% in FY27 to 54.1% thereafter, primarily reflecting a shift in product mix to a greater proportion of higher margin (PAC sales).

Rationale

- ◆ Carbonxt reported gross margins of 52.4% in FY25 and 47.3% in FY26. The lower gross margin in FY26 was primarily attributable to a planned outage at the AHF and duplication of costs in Minnesota during the move from the AHF to the new facility in Albertville. In the June quarter, the quarterly gross margin returned to 52.4%.
- ◆ The increased utilisation due to increased volumes from Reworld and increased pricing on another major contract is expected to further improve gross margin. In addition, the relocation of the Minnesota plant reduced operating costs by US\$10,000 per month.

Shipping and distribution costs (BBF and AHF)

Assumptions

- ◆ Shipping and distribution costs include shipping costs, EPS royalty payments and sales commission.
- ◆ These costs are forecast on a per-pound basis, escalated annually by inflation.

Rationale

- ◆ Shipping and distribution costs are consistent with actual historical costs per pound in FY26.
- ◆ Sales commissions are paid on sales to two customers and are in line with agreements.

Operating expenses (BBF, AHF and Corporate)

Assumptions

- ◆ Operating expenses comprise corporate overheads, insurance, personnel costs, research and development, travel and accommodation, marketing, and Australian corporate overheads.
- ◆ Operating expenses are forecast at US\$3.09 million in FY27 and are escalated annually by inflation throughout the forecast period.

Rationale

- ◆ Forecast operating expenses in FY27 are broadly consistent with FY26 levels.
- ◆ Management expects future sales growth to be achieved with limited incremental overhead expenditure, reflecting the available capacity of the BBF and AHF.

Plant and equipment (leased)

Assumptions

- ◆ Carbonxt's fixed asset base primarily comprises leased manufacturing facilities. The Group operates production facilities at Black Birch, Georgia and Albertville, Minnesota, with the Albertville facility replacing the former Arden Hills site upon expiry of its lease in August 2026.
- ◆ The Black Birch facility is leased under a long-term arrangement with approximately 42 years remaining, while the Albertville facility is leased until 2034. The Group also maintains an office lease extending to March 2028.
- ◆ The projected lease payments have been included as a cash flow rather than as amortisation of the right of use asset.

Rationale

- ◆ Lease expenses are in line with the lease payments set out in the relevant lease agreements.

Capital expenditure (Capex)

Assumptions

- ◆ As at 30 June 2026, the book value of plant and equipment owned by Carbonxt was \$3.9 million and primarily relates to pellet production and milling equipment.
- ◆ There are ten major plant and equipment items that represent a significant proportion of the plant and equipment. We have assumed the major items are replaced at the end of their useful life at a cost based on historical actual cost adjusted for inflation at 2% p.a.
- ◆ For smaller items of plant and equipment we have assumed that the balance (inflation adjusted) is replaced equally over 12 years with cost based on inflation adjusted (2% p.a.) historical cost.

Rationale

- ◆ The useful life for each asset is based on the current depreciation schedule which formed the basis of the FY26 annual report. Since these figures have been subject to audit review procedures, we consider the useful lives adopted to be reasonable.
- ◆ We consider actual historical cost to be the most reasonable basis on which to estimate the cost of replacing plant and equipment assets in the future.

Depreciation and amortisation

Assumptions

- ◆ The opening balance of plant and equipment has been depreciated over 11 years.
- ◆ Plant and equipment capital expenditure is depreciated over the actual useful life for major items (between five and twenty years) and 12 years for other items.

Rationale

- ◆ The useful life of 11 years applied to the opening balance is consistent with the remaining weighted average useful life of plant and equipment assets.
- ◆ The useful life of 12 years for other plant and equipment items is consistent with the weighted average useful life of these items.

Working capital (BBF, AHF and Corporate)

Assumptions

- ◆ Working capital primarily comprises trade receivables, inventory, trade payables and provision for employee entitlements.
- ◆ Receivables are assumed at 45 days for Reworld, 60 days for tolling arrangements, and 28 days for all other customers.
- ◆ Payables days are assumed at 30 days.
- ◆ We have assumed the inventory balance grows in line with sales volume and the provision for employee entitlements grows in line with wages.

Rationale

- ◆ For receivables days, credit terms are in line with historical payment patterns.
- ◆ For payables days, 30 days is consistent with the notes to the FY26 financial statements which state that trade and other payables are usually paid within 30 days of recognition.
- ◆ As higher inventory levels are required to support revenue growth, we consider it reasonable to assume growth in inventory in line with revenue growth.
- ◆ We consider wages growth to be a reasonable basis on which to grow employee entitlement provisions.

NewCarbon JV

Assumptions

- ◆ The operation of NewCarbon is modelled on a 100% facility basis, with distributions of net cash flow assumed to be made to the JV participants on a quarterly basis. We have assumed US\$0.5 million is retained annually for capital expenditure and maintenance requirements.
- ◆ Carbonxt's ownership interest is expected to increase from 49.4% in FY27 to 50.0% following the final capital contribution in the quarter ending 31 December 2026.
- ◆ Carbonxt's share of net cash flow is forecast to grow at a CAGR of 7.61% over the forecast period, reflecting the ramp up in NewCarbon's operations and onboarding of new customers.
- ◆ Total sales volumes are forecast to increase from approximately 7,998 tons in FY27 to 17,063 tons in FY28 and 18,375 tons per annum from FY29 onwards.
- ◆ Sales prices are assumed to be:
 - US\$0.90/lb for PAC
 - US\$1.85/lb for GAC
 - US\$2.00/lb for ACP; and are escalated annually by inflation.
- ◆ Production costs are assumed at approximately US\$0.93/lb for GAC and US\$1.00/lb for pellets and are escalated annually by inflation.
- ◆ Shipping costs are assumed at US\$0.10/lb for all products and are escalated annually by inflation.
- ◆ Operating expenses include insurance and sales commissions. Insurance cost is assumed to be US\$120,000 per annum, escalated at inflation while sales commissions are assumed to be 1.5% of revenue.
- ◆ Working capital primarily comprises trade receivables, inventory and trade payables. As operator, KCP is responsible for managing working capital through payments received from NewCarbon to operate the facility. NewCarbon purchases finished product from KCP. Inventory of finished products is expected to be minimal.

Rationale

- ◆ The approach to distributions is consistent with the JV Agreement which states that net cash flow is to be distributed.
- ◆ Retention of \$0.5 million per annum is equivalent to the approximate replacement cost of the plant over a 20 year useful life.
- ◆ The JV Agreement provides that the partners can determine the frequency of distributions which must occur at least annually. Management have advised that currently the JV partners expect NewCarbon to make quarterly distributions.
- ◆ Management advised that completion of the facility remains on schedule, and production is still expected to commence during the quarter ending 31 December 2026.
- ◆ The volume growth profile reflects the commissioning of NewCarbon on 1 October 2026 with an initial production capacity of 10,000 tons per annum and a further 10,000 tons capacity expansion from 1 October 2027. Carbonxt expects to contribute \$2 million to fund the expansion which is included in our cash flow forecast.
- ◆ Shipping costs are consistent with FY26 historical cost incurred for existing customers.

- ◆ In July 2025, Carbonxt negotiated an offtake agreement with a global distribution company for a minimum of 750 metric tonnes of activated carbon products (granular and pellets) for a three-year period. Management have advised that the counterparty is still interested in purchasing product on substantially the same terms. In addition, expressions of interest have been received from a number of other potential customers, however product samples are required before contracts can be negotiated. Indicative volume is between 1,000 and 3,000 tons per annum per customer. In addition, there are a large number of distributors who would take product on a spot basis.
- ◆ There is no publicly available spot pricing for higher grade activated carbon products for liquid phase markets. However, the assumed pricing for products produced at the Kentucky Plant is:
 - Slightly lower than agreed prices in 2025 with the global distribution company. However, spot prices have increased since 2025.
 - At a premium to the pellets produced at Arden Hills due to the higher specification of the products produced at the Kentucky Plant which is targeting the liquid phase market rather than the mercury capture market.
 - Consistent with pricing observed from public bid results for municipal water treatment granular activated carbon over the period 2019 to 2024 as set out in Carbonxt's investor presentation released on 21 May 2024.
 - Consistent with management's understanding of current pricing for similar products supplied by competitors.
- ◆ KCP acts as a contract manufacturer for NewCarbon. NewCarbon purchases finished goods from KCP at prices set out in the JV Agreement which scale based on the selling price of NewCarbon products over the preceding six months. The production cost assumptions are in line with the sliding scale set out in the JV Agreement.
- ◆ Insurance premiums are estimated at 0.5% of an assumed plant value of US\$20 million (i.e. total contributions to the JV). This is consistent with industry rates for the manufacturing industry¹⁵. The sales commission percentage is consistent with actual recent commission arrangements entered into by Carbonxt.
- ◆ In relation to inventory, production is generally linked to customer orders and as such minimal finished goods are on hand at any one time.

Tax

Assumptions

- ◆ NewCarbon is structured as a partnership for tax purposes and as such income tax is not payable at the JV entity level. The JV partners are individually taxed on the distributions made by NewCarbon.
- ◆ As the US operations of Carbonxt are structured as a subsidiary, dividends paid to the Australian parent are non-assessable non-exempt income. As such we have assumed that income tax is paid at the applicable US tax rate.
- ◆ The federal corporate tax rate in the US is 21%, while additional state taxes range between 5% and 9.8% in the states Carbonxt operates in. We have adopted a blended total tax rate of 27%.
- ◆ Carbonxt has carried forward US tax losses of US\$55.6 million. We have assumed these losses are fully utilised in modelling after tax cash flows.
- ◆ For the purpose of our DCF analysis, a notional tax expense is calculated on EBIT as the current gearing of the business (reflected in interest expense) is not relevant to our assessment of enterprise value.

Rationale

- ◆ The tax position of NewCarbon is consistent with the terms of the joint venture agreement.
- ◆ The adopted tax rate is based on the US federal corporate tax rate and a weighted average state corporate tax rate based on the contribution of cash flows from each state.
- ◆ We consider that it is likely that Carbonxt would satisfy the same or similar business test if acquired and as such the historical tax losses could be utilised by the business.

¹⁵ Manufacturing Industry Insurance Benchmark Report, the Mahony Group, 2024 and Insureon, 'How are commercial property insurance premiums calculated?'

APPENDIX 5: DISCOUNT RATE

The selected discount rate applied in our discounted cash flow analysis for Carbonxt has been determined using the weighted average cost of capital. We have estimated the cost of equity component with the capital asset pricing model.

Post-tax cost of equity (K_e)

The CAPM is based on the assumption that investors require a premium for investing in equities rather than in risk-free investments (such as government bonds). The cost of equity, K_e , is the rate of return that investors require to make an equity investment in a firm.

The cost of equity capital under CAPM is determined using the following formula:

$$K_e = R_f + \beta \times (R_m - R_f) + \alpha$$

The components of the CAPM formula are:

Table 28: Components of CAPM

Input	Definition
K_e	The required post-tax return on equity
R_f	The risk-free rate of return
R_m	The expected return on the market portfolio
EMRP	The market risk premium ($R_m - R_f$)
β	The beta, the systematic risk of a stock (this is an equity or levered beta)
α	The specific company risk premium

Each of the components in the above equation is discussed below.

Risk-free rate (R_f)

The relevant risk-free rate of return is the return on a risk-free security, typically over a long-term period. In practice, long dated government bonds are an acceptable benchmark for the risk-free security. Since Carbonxt primarily operates in the US, we have selected a risk-free rate of 5.24%, being the yield on 20-year US Government bonds as at 31 August 2026.

Equity market risk premium (EMRP)

The EMRP ($R_m - R_f$) represents the additional return that investors expect from an investment in a well-diversified portfolio of assets (such as a market index). It is the excess return above the risk-free rate that investors demand for their increased exposure to risk, when investing in equity securities. Since Carbonxt primarily operates in the US we consider it most appropriate to use EMRP for the US market.

Valuation Research Corporation ("**VRC**"), an independent global valuation advisory firm and affiliate of Leadenhall, undertakes a review of the US EMRP on a monthly basis, taking account prevailing market conditions, equity market valuations, credit spreads and market volatility. Based on VRC's August 2026 Cost of Capital Tracker, an EMRP of 5.0% was recommended for the US market. Accordingly, we have adopted an EMRP of 5.0% in the discount rate assessment.

Beta estimate (β)

Description

The beta factor is a measure of the risk of an investment or business operation, relative to a well-diversified portfolio of assets. The only risks that are captured by beta are those risks that cannot be eliminated by the investor through diversification. Such risks are referred to as systematic, undiversifiable or uninsurable risk.

Beta is a measure of the relative riskiness of an asset in comparison to the market as a whole – by definition, the market portfolio has an equity beta of 1.0.

Professor Aswarth Damodaran publishes annual beta estimates for various industries across a number of jurisdictions around the world. As at January 2026 the relevant industry asset betas published by Professor Damodaran were:

- ◆ **Chemical (basic):** 0.58 (US), 0.46 (Europe), 0.83 (Aus, NZ & Canada), 0.91 (global)
- ◆ **Chemical (diversified):** 0.37 (US), 1.00 (Europe), 0.56 (Aus, NZ & Canada), 0.84 (global)
- ◆ **Chemical (specialty):** 0.79 (US), 0.97 (Europe), 0.62 (Aus, NZ & Canada), 0.98 (global)

Betas derived from share market observations represent equity betas, which reflect the degree of financial gearing of the company. In order to eliminate the impact of differing capital structures, analysts often 'unlever' observed betas to calculate an asset beta. The selected asset beta is then 'relevered' with a target level of debt. The asset betas of companies comparable to Carbonxt are included in the following table.

Table 29: Comparable company betas

Company	Country	Market Cap (A\$m)	Gearing D/EV ¹	Asset Beta SIRCA	LH	R ² SIRCA	LH
Carbonxt Group Limited	Australia	36	36%	0.09	(0.06)	-	0.00
Activated carbon							
Haycarb PLC	Sri Lanka	246	18%	n/a	0.61	n/a	0.38
Arq, Inc.	US	129	-2%	n/a	2.72	n/a	0.17
Birchtech Corp.	US	44	-3%	n/a	2.45	n/a	0.15
Ingevity Corporation	US	3,326	41%	n/a	0.93	n/a	0.17
Fujian Yuanli Active Carbon Co.,Ltd.	China	1,420	-10%	n/a	1.51	n/a	0.43
Ningxia Zhongke Biotechnology Co., Ltd	China	1,067	22%	n/a	0.33	n/a	0.01
Average (excluding outliers²) - Activated carbon			27%	n/a	0.85		
Median (excluding outliers²) - Activated carbon			27%	n/a	0.77		
Other environmental treatment materials & technologies							
Cabot Corporation	US	5,963	20%	n/a	0.76	n/a	0.20
Ecovyst Inc.	US	1,554	38%	n/a	0.81	n/a	0.20
Hazer Group Limited	Australia	92	-15%	0.93	1.16	0.05	0.06
Clean TeQ Water Limited	Australia	66	-14%	1.50	0.72	0.08	0.02
Calix Limited	Australia	52	-14%	1.99	1.63	0.08	0.05
SciDev Limited	Australia	28	-9%	1.50	(0.08)	0.07	0.00
Dotz Nano Limited	-	16	3%	0.36	0.02	0.01	0.00
Average (excluding outliers²) - Other specialty chemicals			20%	1.31	0.86		
Median (excluding outliers²) - Other specialty chemicals			20%	1.50	0.79		
Average (excluding outliers²) - Overall			24%	1.31	0.85		
Median (excluding outliers²) - Overall			21%	1.50	0.79		

Source: S&P Capital IQ as at 31 August 2026; SIRCA as at 31 March 2026 (latest available)

Notes:

1. Gearing levels represent the five-year average gearing levels.

2. The outliers are highlighted in grey and have been excluded from the average and median calculations.

Selected beta (β)

In selecting an appropriate beta for Carbonxt, we have considered the following:

- ◆ The industry equity betas published by Professor Damodaran. We consider the specialty chemical segment to be most similar to Carbonxt and observed betas for this segment were between 0.62 and 0.98, with beta of 0.79 for the specialty chemicals industry in the US.
- ◆ The average asset beta of the selected comparable activated carbon companies is 0.85, with a median asset beta of 0.77, excluding outliers.
- ◆ The overall average asset beta is 0.85 while the median asset beta is 0.79 excluding outliers and SIRCA data.
- ◆ As a result of these considerations, we have selected an asset beta between 0.8 and 0.9 for Carbonxt, which is in line with the average of the comparable companies. This equates to an equity beta of 1.01 to 1.08 after applying our selected gearing level of 20% to 25%. Our selected gearing level takes into consideration Carbonxt's long-term need for leverage to fund its growth and maximise returns to shareholders, constrained by the lack of ability to support significant levels of debt in the short term. The selected gearing level is within the range of the comparable companies' gearing levels.

Specific company risk premium (α)

Size premium

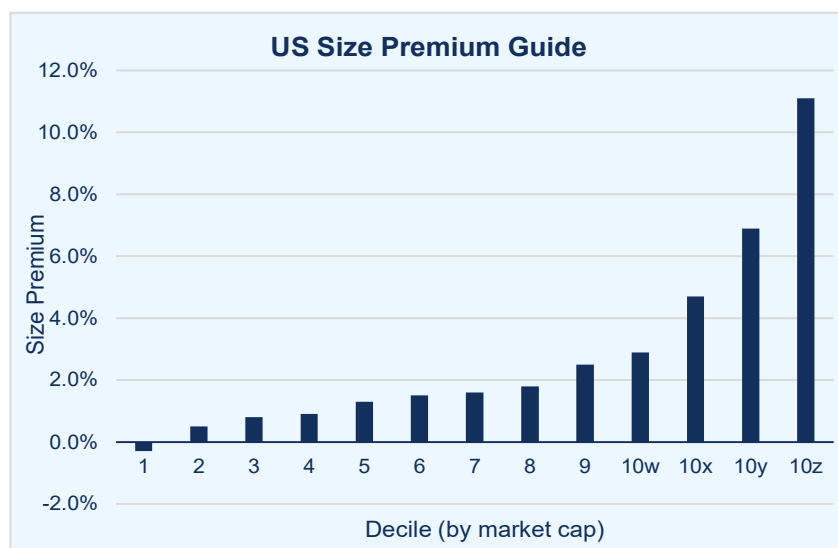
The size premium is the additional return that investors require for the risks of investing in small businesses. To date, whilst it has not been possible to isolate the specific causes of size premiums (other than simply size), many factors have been suggested, including:

- | | |
|---|---|
| ◆ Depth of management | ◆ Reliance on key suppliers |
| ◆ Reliance on key personnel | ◆ Lack of geographic diversification |
| ◆ Weak market position | ◆ Limited access to technology |
| ◆ Reliance on key customers | ◆ Absence of broker analysis |
| ◆ Reduced access to capital | ◆ Supplier concentration |
| ◆ Deeper pool of investors for larger companies | ◆ Investors in large companies often more diversified |

The size premium can be observed in earnings multiples of listed companies, with large companies trading on higher multiples than small companies, all else being equal. Size premiums are observed consistently across time, across different markets and across a very wide range of company values.

A number of studies have been undertaken attempting to measure the size premium, in particular in the US. The Duff & Phelps Cost of Capital Navigator is an online application that provides guidance in estimating cost of capital. It contains calculations of the size premium for each decile of market capitalisation. As the size premium is most significant for very small companies, the tenth decile is then further divided into four equal segments. The following chart summarises the size premium data from the Duff & Phelps Cost of Capital Navigator.

Table 30: Evidence of size premium



Source: Duff & Phelps Cost of Capital Navigator, data through 31 December 2018

Note: The first decile represents the largest companies while the 10z decile represents the smallest companies by market capitalisation.

As mentioned above, the existence of the size premium has been well documented. However, there are limited studies setting out the appropriate bands of size premium and the quantum of size premium applicable to each band. For this reason, the above table should be taken as broad support for the size effect and not an exact guide to the extent of any particular discount or premium that should be applied.

Although there is considerable evidence from the US, in the Australian context, the relatively small size of the Australian equity market makes it more difficult to observe the existence of this phenomenon.

Leadenhall and others have conducted a number of high-level studies which have confirmed the existence of the size effect in the Australian market. However, we are not aware of any Australian studies that have been performed with the same detail and rigour as the US studies, such as the Duff & Phelps data presented above. Based on the evidence from US studies and our knowledge of prices actually paid in Australian transactions, from which a discount rate can be implied, we believe the size premium ranges in the below table are appropriate. This table should be taken as a guide to the appropriate size premium for a given business and needs to be considered in conjunction with the specific circumstances of a particular business.

Table 31: Leadenhall size premium bandings

Size Premium Guide for Australia				
Size	Mkt Cap Range (AU\$m)		Size Premium	
	Low	High	Low	High
Largest	4,000	Above	-	-
Large	1,000	4,000	-	1.0%
Mid-cap	300	1,000	1.0%	2.0%
Low-cap	100	300	2.0%	3.0%
Small-cap	50	100	3.0%	5.0%
Micro-cap	10	50	5.0%	8.0%
Medium private ¹	5	10	8.0%	11.0%
Small private ¹	2	5	11.0%	15.0%
Smallest ¹	-	2	15.0%	20.0%

Source: Leadenhall analysis

Note 1: We do not generally consider the CAPM model to be reliable for entities of this size as they often do not meet the background assumptions underpinning the CAPM. In particular investors are often not diversified, and it is rarely possible to lend or borrow stock of entities this size (i.e. a market for shorting these stocks). These suggested size premiums are therefore presented as an approximate guide only as alternate models, studies and rules of thumb are commonly utilised for these types of companies.

Based on our assessed equity value adjusted for a discount for lack of control (for consistency with estimated size premiums which are based on listed company market capitalisation), Carbonxt would be considered a small-cap public company and as such a size premium of between 3.0% and 5.0% would generally apply. Since our assessed equity value is at the higher end of the band we have assessed a reasonable size premium to be in the range of 3.0% to 4.0%.

Other company specific risks

The specific company risk premium adjusts the cost of equity for company specific factors, including unsystematic risk factors such as reliance on key customers, reliance on key suppliers, existence of contingent liabilities etc that are not already factored into the size premium. The majority of the future cash flows of Carbonxt are derived from its interest in NewCarbon, which although the Kentucky Plant will have commenced operations at the valuation date, is relatively early stage compared to the existing Carbonxt business. We have applied a specific risk premium of 1% to 2% primarily to reflect the risk of NewCarbon achieving the expected cash flows as well as the customer concentration risk of the rest of the business. The quantum of the specific risk premium is based on our analysis of potential cash flows in other possible scenarios as well as our professional judgement.

Conclusion on cost of equity

The following table sets out our cost of equity estimate for Carbonxt based on the assumptions and inputs discussed above:

Table 32: Estimated cost of equity for Carbonxt

Cost of Equity		
	Low	High
Risk free rate (R_f)	5.24%	5.24%
Asset beta (β_A)	0.80	0.90
Equity beta (β_E)	0.99	1.06
Equity market risk premium (EMRP)	5.00%	5.00%
Size premium (α_{size})	3.0%	4.0%
Specific risk premium (α_c)	1.0%	2.0%
Assessed cost of equity (k_e)	14.2%	16.6%

Source: Leadenhall analysis

Post-tax weighted average cost of capital (WACC)

WACC reflects the rate of return expected for an asset, adjusted for its underlying funding structure, such as relative components of debt and equity, calculated as follows:

$$\text{WACC} = (K_e \times E/V) + (K_d \times D/V \times (1 - t_c))$$

The components of the WACC formula are:

Table 33: Components of WACC

Input	Definition
WACC	The post-tax weighted average cost of capital
K_e	The required post-tax return on equity
t_c	The corporate tax rate
K_d	The required pre-tax return on debt
D	The market value of debt
E	The market value of equity
V	The market value of business, where V = D + E

Each of the components in the above equation is discussed below.

Cost of equity (K_e)

The required post-tax return on equity as assessed in the preceding section.

Corporate tax rate (t_c)

We have adopted a weighted average tax rate of 27% in calculating the WACC for Carbonxt. The tax rate reflects the jurisdictions in which Carbonxt's operations are located and has been weighted based on forecast cash flow generated in each state in which Carbonxt has material operations.

Cost of debt capital (K_d)

The cost of borrowing is the expected future borrowing cost of the relevant project and/or business. We have assessed the cost of debt capital for Carbonxt to be between 6.0% and 6.5%, based on current indicative lending rates for businesses of similar size as Carbonxt. This assessment is based on an optimal gearing level for Carbonxt and takes a longer-term view of the ability to service debt. On this basis we do not consider it unreasonable that the adopted cost of debt is lower than the interest rate on Carbonxt's existing debt facilities.

Debt and equity mix

The selection of an appropriate capital structure is a subjective exercise. The tax deductibility of the cost of debt means that the higher the proportion of debt, the lower the WACC for a given cost of equity. However, at significantly higher levels of debt, the marginal cost of borrowing would increase due to the greater risk which debt holders are exposed to. In addition, the cost of equity would also be likely to increase due to equity investors requiring a higher return given the higher degree of financial risk that they have to bear.

Ultimately for each company there is likely to be a level of debt/equity mix that represents the optimal capital structure for that company. In estimating the WACC, the debt/equity mix assumption should reflect what would be the optimal or target capital structure for the relevant asset. We have selected a debt to enterprise value of 20% to 25% which takes into consideration Carbonxt's long-term need for leverage to fund its growth and maximise returns to shareholders, constrained by limited cash flow in the short term. The selected gearing level is within the range of the comparable companies' gearing levels and the observed gearing level for the specialty chemicals industry.

Calculation of WACC

The table below summarises the post-tax, nominal discount rate we have derived for Carbonxt, based on the assumptions and inputs discussed above.

Table 34: Estimated WACC for Carbonxt

Weighted Average Cost of Capital		
	Low	High
Risk free rate (R_f)	5.24%	5.24%
Asset beta (β_A)	0.80	0.90
Equity beta (β_E)	0.99	1.06
Equity market risk premium (EMRP)	5.00%	5.00%
Size premium (α_{size})	3.0%	4.0%
Specific risk premium (α_c)	1.0%	2.0%
Assessed cost of equity (k_e)	14.2%	16.6%
Cost of debt (K_d)	6.0%	6.5%
Gearing (D/V)	25.0%	20.0%
Tax rate (t)	27.0%	27.0%
Calculated WACC	11.8%	14.2%
Selected WACC	12.0%	14.0%

Source: Leadenhall analysis

APPENDIX 6: PROCEEDS FROM EXERCISE OF OPTIONS AND WARRANTS

Before the Proposed Transaction

As set out in Section 6.3, we have assumed that all entitlement options are exercised before the valuation date. The proceeds from the exercise of the entitlement options are summarised in the table below.

Table 35: Proceeds from exercise of entitlement options

Instrument	Number held	Expiry date	Exercise price	Years to expiry	Discount	Discounted price	Cash proceeds
Entitlement options (Pure)	2,530,242	29/11/2026	\$ 0.10	n/a	n/a	n/a	253,024
Entitlement options (Phelbe)	5,750,000	29/11/2026	\$ 0.10	n/a	n/a	n/a	575,000
Entitlement options (Other)	14,927,677	29/11/2026	\$ 0.10	n/a	n/a	n/a	1,492,768
Total proceeds							2,320,792

Source: Carbonxt and Leadenhall analysis

After the Proposed Transaction

After the Proposed Transaction, the Phase 2 commitments will be satisfied and Phelbe will convert/exercise all remaining instruments. The proceeds from the conversion and exercise of these instruments are summarised in the tables below.

Table 36: Proceeds from exercise of 37.9 million Phelbe convertible note attaching options

Instrument	Number held	Expiry date	Exercise price	Years to expiry	Discount	Discounted price	Cash proceeds
Con. note options (tranche 1)	3,125,000	27/02/2027	\$ 0.10	0.16	n/a	n/a	312,500
Con. note options (tranche 2)	3,125,000	14/04/2027	\$ 0.10	0.28	n/a	n/a	312,500
Con. note options (tranche 4)	12,500,000	26/06/2027	\$ 0.10	0.48	5%	\$ 0.10	1,189,384
Con. note options (tranche 5)	5,000,000	25/09/2028	\$ 0.10	1.74	17%	\$ 0.08	413,151
Con. note options (tranche 6)	1,666,667	25/02/2029	\$ 0.10	2.16	22%	\$ 0.08	130,731
Con. note options (tranche 7)	2,500,000	16/04/2029	\$ 0.10	2.29	23%	\$ 0.08	192,671
Con. note options (Phase 1)	10,000,000	31/08/2029	\$ 0.10	n/a	n/a	n/a	1,000,000
Total cash proceeds							3,550,936

Source: Carbonxt and Leadenhall analysis

Table 37: Debt offset from exercise of Pure warrants and options

Instrument	Number held	Expiry date	Exercise price	Years to expiry	Discount	Discounted price	Debt offset
Warrants	64,000,000	31/05/2027	\$ 0.07	n/a	n/a	n/a	4,480,000
Unquoted options	2,500,000	2/01/2027	\$ 0.10	0.01	n/a	n/a	250,000
Total debt offset							4,730,000

Source: Carbonxt and Leadenhall analysis

Table 38: Proceeds from exercise of remaining Phelbe options

Instrument	Number held	Expiry date	Exercise price	Years to expiry	Discount	Discounted price	Cash proceeds
Unquoted options	4,250,000	2/01/2027	\$ 0.10	0.01	n/a	n/a	425,000
Listed loyalty options	6,707,635	17/09/2028	\$ 0.07	1.72	n/a	n/a	469,534
Total cash proceeds							894,534

Source: Carbonxt and Leadenhall analysis

Notes:

1. The discount percentage is calculated by multiplying the year to expiry by 10%
2. The cash proceeds are calculated by multiplying the discounted price by the number of options held
3. Where the discount is marked as n/a the instruments are not eligible for a discount

APPENDIX 7: VOLATILITY

In selecting expected prospective volatility, we have considered the observed historical volatility of a range of comparable entities, as well as that of Carbonxt and implied market volatility. We consider this approach preferable to relying on Carbonxt's historical volatility only, due to the significant uncertainty in any single observation. The historical volatility of companies with comparable operations to Carbonxt are set out in the table below:

Table 39: Historical volatility

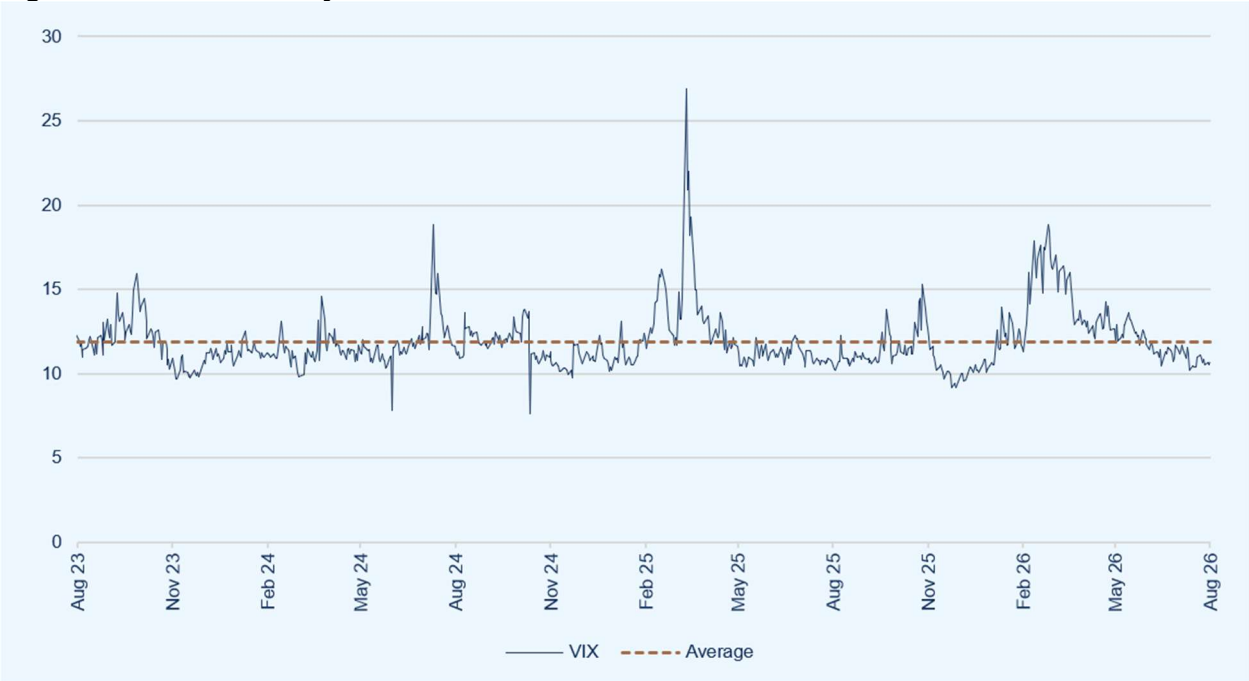
Company	Comparable Company Volatility				
	Market Cap (A\$m)	Annualised volatility (%)			
		1 Year	2 Year	3 Year	4 Year
Cabot Corporation	6,071	33%	32%	32%	33%
Kuraray Co., Ltd.	4,806	25%	30%	32%	30%
Ingevity Corporation	3,333	37%	48%	47%	45%
Ecovyst Inc.	1,545	32%	39%	39%	39%
Fujian Yuanli Active Carbon Co., Ltd.	1,463	54%	51%	47%	48%
Ningxia Zhongke Biotechnology Co., Ltd	1,076	54%	54%	59%	56%
Haycarb PLC	240	31%	27%	25%	27%
Arq, Inc.	134	97%	83%	81%	85%
Clean TeQ Water Limited	69	84%	85%	85%	83%
Calix Limited	60	114%	101%	93%	85%
Birchtech Corp.	45	78%	67%	76%	79%
Carbonxt Group Limited	31	78%	81%	84%	87%
SciDev Limited	29	101%	85%	78%	76%
Dotz Nano Limited	17	134%	125%	112%	104%
Median	187	66%	61%	68%	66%
Average	1,351	68%	65%	64%	62%

Source: Capital IQ as at 27 August 2026

In relation to assessing volatility we note:

- ◆ Generally small companies have higher volatilities than larger companies and Carbonxt is at the smaller end of the comparable companies.
- ◆ Changes over time are limited, thus we consider it reasonable to use the same volatility for all periods covered in this valuation.
- ◆ As shown in Figure 10 further below, on 27 August 2026, market implied volatility was lower than the average over the periods used to calculate the historical volatilities presented in this table.
- ◆ We consider a volatility of 80.0% is reasonable based on historical trends.

Figure 10: Market volatility



Source: Capital IQ

Notes:

1. S&P/ASX 200 VIX Index was 10.74 as at 27 August 2026, compared to its 3-year average of 11.89.
2. This is below the historical average, indicating market volatility level on the valuation date was 9.7% below the historical volatility presented above.

APPENDIX 8: COMPARABLE COMPANIES

Descriptions of Carbonxt's comparable companies are set out below.

Company	Description
Arq, Inc.	Arq, Inc., an environmental technology company, engages in the sale of consumable air, water, and soil treatment solutions based on activated carbon in the United States and Canada.
Birchtech Corp.	Birchtech Corp. provides specialty activated carbon technologies for air and water purification in the United States.
Cabot Corporation	Cabot Corporation operates as a specialty chemicals and performance materials company.
Calix Limited	Calix Limited, an environmental technology company, provides industrial solutions to address global decarbonisation and sustainability challenges in Australia, Asia-Pacific, Europe, the Middle East, and Africa.
Clean TeQ Water Limited	Clean TeQ Water Limited provides metals recovery and water treatment solutions for governments and companies in Australia.
Dotz Nano Limited	Dotz Nano Limited, a nanotechnology company, provides carbon capture and product authentication solutions.
Ecovyst Inc.	Ecovyst Inc. offers virgin and regenerated sulfuric acid products and services in the United States and internationally.
Fujian Yuanli Active Carbon Co., Ltd.	Fujian Yuanli Active Carbon Co., Ltd., together with its subsidiaries, produces and sells activated carbon in China and internationally.
Haycarb PLC	Haycarb PLC, together with its subsidiaries, engages in the manufacture and sale of coconut shell activated carbon in Sri Lanka and internationally.
Ingevity Corporation	Ingevity Corporation manufactures and sells activated carbon products, derivative specialty chemicals, and engineered polymers in North America, the Asia Pacific, Europe, the Middle East, Africa, and South America.
Kuraray Co., Ltd.	Kuraray Co., Ltd., together with its subsidiaries, engages in the production and sale of resins, chemicals, fibers, and other-related materials in Japan, the United States, China, Europe, Asia, and internationally.
Ningxia Zhongke Biotechnology Co., Ltd	Ningxia Zhongke Biotechnology Co., Ltd. produces and sells coal-based activated carbon and lauric acid products.
SciDev Limited	SciDev Limited engages in the provision of environmental solutions focused on water intensive industries in Australia, the United States, Asia, and internationally.

Source: S&P Capital IQ

APPENDIX 9: CONTROL PREMIUM

The outbreak of COVID-19 and the consequential general decline in share prices is likely to have an impact on implied control premiums in the current environment. Although there is anecdotal evidence from previous economic downturns of control premiums being higher than the long-term average in times of economic distress, it is difficult to quantify the impact of the current environment on long-term estimates based on currently available data. We have therefore presented our analysis of control premiums prior to the outbreak of COVID-19 noting that any reasonable range of control premiums does not impact our conclusion.

Background

As discussed above, the difference between the control value and the liquid minority value of a security is the control premium. The inverse of a control premium is a minority discount (also known as a discount for lack of control). A control premium is said to exist because the holder of a controlling stake has several rights that a minority holder does not enjoy (subject to shareholders agreements and other legal constraints), including the ability to:

- ◆ Appoint or change operational management
- ◆ Appoint or change members of the board
- ◆ Determine management compensation
- ◆ Determine owner's remuneration, including remuneration to related party employees
- ◆ Determine the size and timing of dividends
- ◆ Control the dissemination of information about the company
- ◆ Set strategic focus of the organisation, including acquisitions, divestments and any restructuring
- ◆ Set the financial structure of the company (debt / equity mix)
- ◆ Block any or all of the above actions

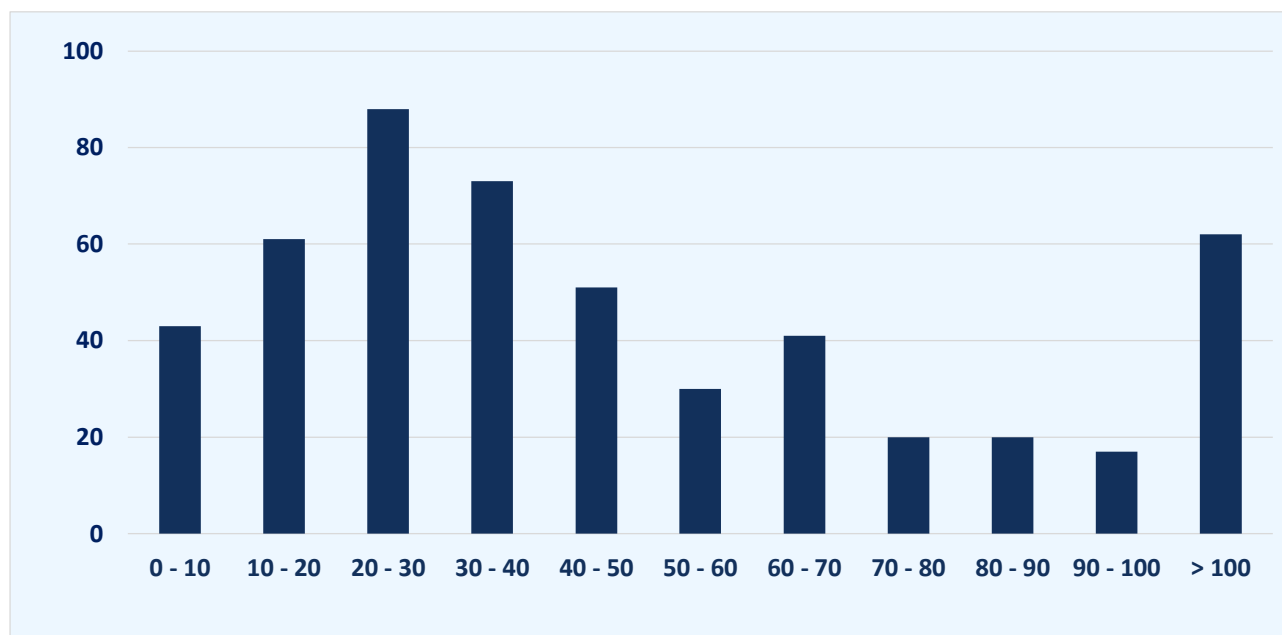
The most common approach to quantifying a control premium is to analyse the size of premiums implied from prices paid in corporate takeovers. Another method is the comparison between prices of voting and non-voting shares in the same company. We note that the size of the control premium should generally be an outcome of a valuation and not an input into one, as there is significant judgement involved.

Takeover Premiums

Dispersion of premiums

The following chart shows the spread of premiums paid in takeovers between 2012 and 2025. We note that these takeover premiums may not be purely control premiums, for example the very high premiums are likely to include synergy benefits, while the very low premiums may be influenced by share prices rising in anticipation of a bid.

Figure 11: Takeover premium by size



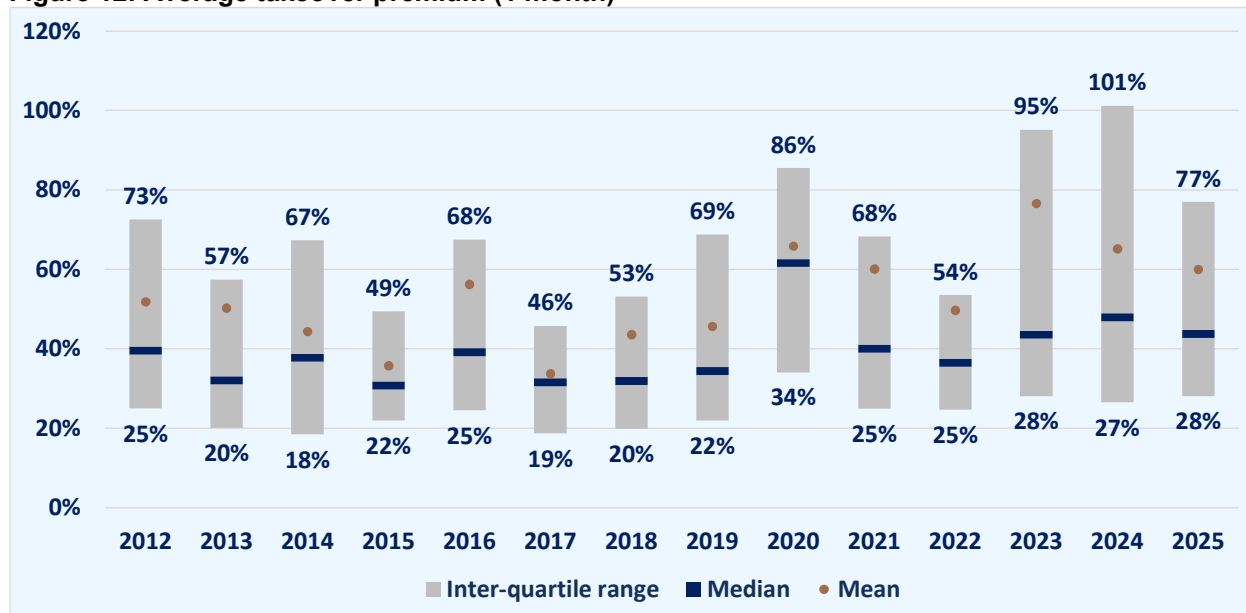
Sources: S&P Capital IQ, Leadenhall analysis

This chart highlights the dispersion of premiums paid in takeovers. The chart shows a long tail of high premium transactions, although the most common recorded premiums are in the range of 20% to 40%, with approximately 60% of all premiums falling in the range of 0% to 50%.

Premiums over time

The following chart shows the average premium paid in completed takeovers compared to the price one month before the initial announcement.

Figure 12: Average takeover premium (1 month)



Sources: S&P Capital IQ, Leadenhall analysis

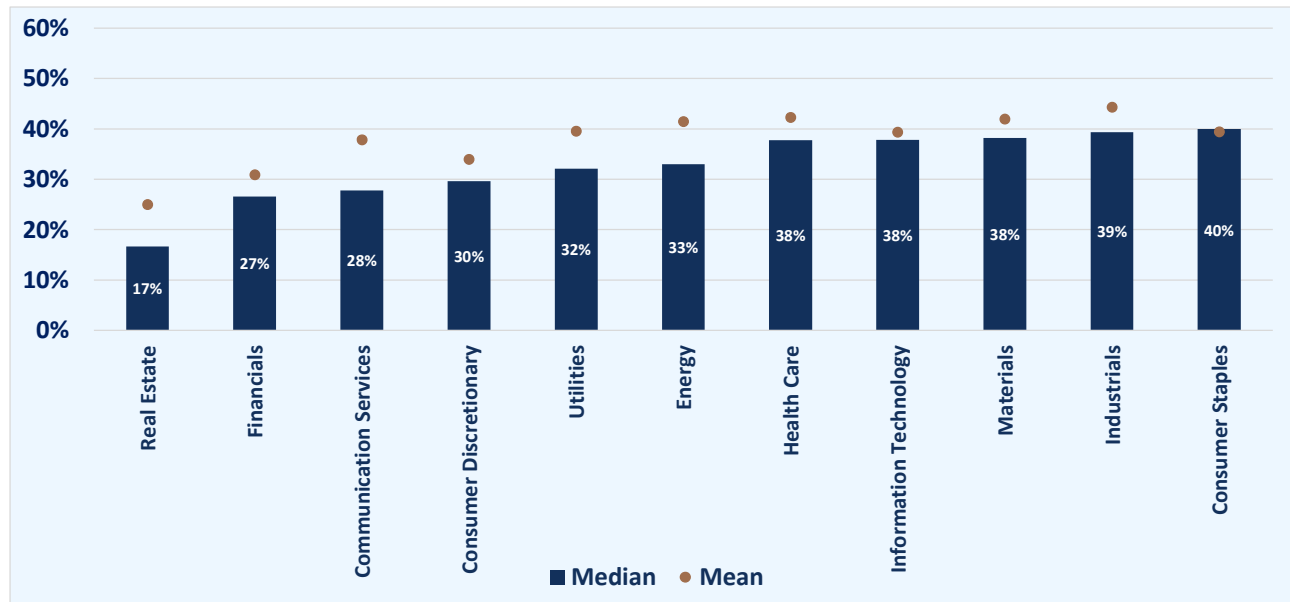
Note: The average premiums presented above exclude transactions with implied control premiums below zero and transactions which we consider to be outliers.

The chart indicates that while premiums vary over time, there is no clearly discernible pattern. The mean is higher than the median due to a small number of high premiums.

Premiums by industry

The following chart shows the average takeover premium by industry, compared to the share price one month before the takeover was announced. Most industries show an average premium of 20% to 40%.

Figure 13: Average takeover premium (2012 to 2025)



Sources: S&P Capital IQ, Leadenhall analysis

Note: The average premiums presented above exclude specific transactions with implied control premiums below zero or over 100% which we consider to be outliers.

Key factors that generally lead to higher premiums being observed include:

- ◆ Competitive tension arising from more than one party presenting a takeover offer.
- ◆ Favourable trading conditions in certain industries (e.g. recent mining and tech booms).
- ◆ Significant synergistic special or strategic value.
- ◆ Scrip offers where the price of the acquiring entity's shares increases between announcement and completion.

Industry Practice

In Australia, industry practice is to apply a control premium in the range of 20% to 40%, as shown in the following list quoting ranges noted in various independent experts' reports.

- ◆ Deloitte - 20% to 40%
- ◆ Ernst & Young - 20% to 40%
- ◆ Grant Samuel - 20% to 35%
- ◆ KPMG - 25% to 35%
- ◆ Lonergan Edwards - 30 to 35%
- ◆ PwC - 20% to 40%

The range of control premiums shown above is consistent with most academic and professional literature on the topic.

Alternative View

Whilst common practice is to accept the existence of a control premium in the order of 20% to 40%, certain industry practitioners (particularly in the US) disagree with the validity of this conclusion. Those with an alternate viewpoint to the fact that very few listed companies are acquired each year as evidence that 100% of a company is not necessarily worth more than the proportionate value of a small interest. Those practitioners agree that the reason we see some takeovers at a premium is that if a company is not well-run,

there is a control premium related to the difference in value between a hypothetical well-run company and the company being run as it is.

Impact of Methodologies Used

The requirement for an explicit valuation adjustment for a control premium depends on the valuation methodology and approach adopted and the level of value to be examined. It may be necessary to apply a control premium to the value of a liquid minority value to determine the control value. Alternatively, in order to estimate the value of a minority interest, it may be necessary to apply a minority discount to a proportional interest in the control value of the company.

Discounted cash flow

The discounted cash flow methodology generally assumes control of the cash flows generated by the assets being valued. Accordingly, such valuations reflect a premium for control. Where a minority value is sought a minority discount must therefore be applied. The most common exception to this is where a discounted dividend model has been used to directly determine the value of an illiquid minority holding.

Capitalisation of earnings

Depending on the type of multiple selected, the capitalisation of earnings methodology can reflect a control value (transaction multiples) or a liquid minority value (listed company trading multiples).

Asset based methodologies

Asset based methodologies implicitly assume control of the assets being valued. Accordingly, such valuations reflect a control value.

Intermediate Levels of Ownership

There are a number of intermediate levels of ownership between a portfolio interest and 100% ownership. Different levels of ownership/strategic stakes will confer different degrees of control and rights as shown below.

- ◆ 90% - can compulsory purchase remaining shares if certain conditions are satisfied
- ◆ 75% - power to pass special resolutions
- ◆ 50% - gives control depending on the structure of other interests (but not absolute control)
- ◆ 25% - ability to block a special resolution
- ◆ 20% - power to elect directors, generally gives significant influence, depending on other shareholding blocks
- ◆ < 20% generally has only limited influence

Conceptually, the value of each of these interests lies somewhere between the portfolio value (liquid minority value) and the value of a 100% interest (control value). Each of these levels confers different degrees of control and therefore different levels of control premium or minority discount.

50%

For all practical purposes, a 50% interest confers a similar level of control to holdings of greater than 50%, at least where the balance of the shares is listed and widely held. Where there are other significant holders, such as in a 50/50 joint venture, 50% interests involve different considerations depending upon the particular circumstances.

Strategic parcels do not always attract a control premium. In fact, if there is no bidder, the owner may be forced to sell the shares through the share market, usually at a discount to the prevailing market price. This reflects the fact that the sale of a parcel of shares significantly larger than the average number of shares traded on an average day in a particular stock generally causes a stock overhang, therefore there is more stock available for sale than there are buyers for the stock and in order to clear the level of stock available, the share price is usually reduced by what is referred to as a blockage discount.

20% to 50%

Holdings of less than 50% but more than 20% can confer a significant degree of influence on the owner. If the balance of shareholders is widely spread, a holding of less than 50% can still convey effective control of the business. However, it may not provide direct ownership of assets or access to cash flow. This level of

holding has a strategic value because it may allow the holder significant influence over the company's management, possibly additional access to information and a board seat.

<20%

Holdings of less than 20% are rarely considered strategic and would normally be valued in the same way as a portfolio interest given the stake would not be able to pass any ordinary or special resolution on their own if they were against the interests of the other shareholders. Depending on the circumstances, a blockage discount may also apply.

As explained above, the amount of control premium or minority discount that would apply in specific circumstances is highly subjective. In relation to the appropriate level of control premium, Aswath Damodaran notes "the value of controlling a firm has to lie in being able to run it differently (and better)". A controlling shareholder will be able to implement their desired changes. However, it is not certain that a non-controlling shareholder would be able to implement changes they desired. Thus, following the logic of Damodaran and the fact that the strategic value of the holding typically diminishes as the level of holding decreases, the appropriate control premium for a non-controlling shareholder should be lower than that control premium for a controlling stake.

Key Factors in Determining a Reasonable Control Premium

Key factors to consider in determining a reasonable control premium include:

- ◆ **Size of holding** – Generally, larger stakes attract a higher control premium
- ◆ **Other holdings** – The dispersion of other shareholders is highly relevant to the ability for a major shareholder to exert control. The wider dispersed other holdings are, the higher the control premium
- ◆ **Industry premiums** – Evidence of premiums recently paid in a given industry can indicate the level of premium that may be appropriate
- ◆ **Size** – medium sized businesses in a consolidating industry are likely to be acquired at a larger premium than other businesses
- ◆ **Dividends** – a high dividend pay-out generally leads to a low premium for control
- ◆ **Gearing** – a company that is not optimally geared may attract a higher premium than otherwise, as the incoming shareholder has the opportunity to adjust the financing structure
- ◆ **Board** – the ability to appoint directors would increase the control premium attaching to a given parcel of shares. The existence of independent directors would tend to decrease the level of premium as this may serve to reduce any oppression of minority interests and therefore support the level of the illiquid minority value
- ◆ **Shareholders' agreement** - the existence and contents of a shareholder's agreement, with any protection such as tag along and drag along rights offered to minority shareholders lowers the appropriate control premium.

APPENDIX 10: QUALIFICATIONS, DECLARATIONS AND CONSENTS

Responsibility and purpose

This report has been prepared for Carbonxt's shareholders for the purpose of assessing the fairness and reasonableness of the Proposed Transaction. Leadenhall expressly disclaims any liability to any shareholder, or anyone else, whether for our negligence or otherwise, if the report is used for any other purpose or by any other person.

Reliance on information

In preparing this report we relied on the information provided to us by Carbonxt being complete and accurate and we have assumed it has been prepared in accordance with applicable Accounting Standards and relevant national and state legislation. We have not performed an audit, review or financial due diligence on the information provided. Drafts of our report were issued to Carbonxt's management for confirmation of factual accuracy.

Prospective information

To the extent that this report refers to prospective financial information, we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Leadenhall's consideration of this information consisted of enquiries of Carbonxt's personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with Australian Auditing Standards, or any other standards. Nothing has come to our attention as a result of these enquiries to suggest that the financial projections for Carbonxt, when taken as a whole, are unreasonable for the purpose of this report.

We note that the forecasts and projections supplied to us are, by definition, based upon assumptions about events and circumstances that have not yet transpired. Actual results in the future may be different from the prospective financial information of Carbonxt referred to in this report and the variation may be material, since anticipated events frequently do not occur as expected. Accordingly, we give no assurance that any forecast results will be achieved. Any future variation between the actual results and the prospective financial information utilised in this report may affect the conclusions included in this report.

Market conditions

Leadenhall's opinion is based on prevailing market, economic and other conditions as at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon the conclusion reached in this report.

As a valuation is based upon expectations of future results it involves significant judgement. Although we consider the assumptions used and the conclusions reached in this report are reasonable, other parties may have alternative expectations of the future, which may result in different valuation conclusions. The conclusions reached by other parties may be outside Leadenhall's preferred range.

Indemnities

In recognition that Leadenhall may rely on information provided by Carbonxt and their officers, employees, agents or advisors, Carbonxt has agreed that it will not make any claim against Leadenhall to recover any loss or damage which it may suffer as a result of that reliance and that it will indemnify Leadenhall against any liability that arises out of Leadenhall's reliance on the information provided by Carbonxt and their officers, employees, agents or advisors or the failure by Carbonxt and their officers, employees, agents or advisors to provide Leadenhall with any material information relating to this report.

Qualifications

The personnel of Leadenhall principally involved in the preparation of this report were Katy Lawrence, BCom, GradDipApFin, CA (BV Specialist), Richard Norris, BA (Hons), MAppFin, FCA, FCSI, Nathan Timosevski, BBus, Grad Dip App Fin, ACSI, CA (BV Specialist), Vicky Lau, BCom, CA, CFA, Alexander Winkler, Bakk.rer.soc.oec, MIntBus, MAppFin.

This report has been prepared in accordance with "APES 225 – Valuation Services" issued by the Accounting Professional & Ethical Standards Board and this report is a valuation engagement in accordance with that standard and the opinion is a Conclusion of Value.

Independence

Leadenhall has acted independently of Carbonxt. Compensation payable to Leadenhall is not contingent on the conclusion, content or future use of this report.



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am on Saturday, 7 November 2026.**

🖨 TO APPOINT A PROXY ONLINE

📱 BY SMARTPHONE

STEP 1: VISIT <https://www.votingonline.com.au/CG1AGM2026>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore **11:00am on Saturday, 7 November 2026.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

🖨 **Online** <https://www.votingonline.com.au/CG1AGM2026>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

THIS PAGE LEFT INTENTIONALLY BLANK

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Carbonxt Group Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be in person at Level 37, 180 George Street, Sydney NSW 2000 **on 11:00am (AEDT), Monday, 9 November 2026**. and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chairman of the Meeting is authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chairman of the Meeting as my/our proxy or the Chairman of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of **Resolution 1, Resolutions 5 a-c and Resolutions 13 a-c**, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of these Resolutions even though **Resolution 1, Resolutions 5 a-c and Resolutions 13 a-c** are connected with the remuneration of a member of the key management personnel for the Company.

The Chairman of the Meeting will vote all undirected proxies in favour of all Items of business (**including Resolution 1, Resolutions 5 a-c and Resolutions 13 a-c**). If you wish to appoint the Chairman of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of the Remuneration Report.			
Resolution 2	Re-election of Director - Mr Matthew Driscoll			
Resolution 3	Re-election of Director - Mr Nicholas Andrews			
Resolution 4	Renewal of the Employee Option Plan.			
Resolution 5a	Approval of issue of 17,000,000 Options to Warren Murphy (or nominee).			
Resolution 5b	Approval of issue of 7,500,000 Options to Matthew Driscoll (or nominee).			
Resolution 5c	Approval of issue of 6,000,000 Options to Nicholas Andrews (or nominee).			
Resolution 6	Ratification of January 2026 Share Issue.			
Resolution 7a	Ratification of Issue of 500,000 February 2026 Convertible Notes to Phelbe.			
Resolution 7b	Ratification of Issue of 750,000 April 2026 Convertible Notes to Phelbe.			
Resolution 7c	Ratification of Issue of 2,000,000 July 2026 Convertible Notes to Phelbe.			
Resolution 8a	Ratification of Issue of 1,666,667 February Options to Phelbe.			
Resolution 8b	Ratification of Issue of 2,500,000 April Options to Phelbe.			
Resolution 8c	Ratification of Issue of 10,000,000 July Options to Phelbe.			

Resolution 9	Ratification of Issue of 1,000,000 Convertible Notes to Pure.	☐	☐	☐
Resolution 10	Approval of Additional 10% Placement Capacity (Special Resolution)	☐	☐	☐
Resolution 11	Renewal of Proportional Takeover Provisions (Special Resolution)	☐	☐	☐
Resolution 12a	Approval of Amendments to CG1AZ Option Terms.	☐	☐	☐
Resolution 12b	Approval of Amendments to CG1AA Option Terms.	☐	☐	☐
Resolution 12c	Approval of Amendments to CG1AB Option Terms.	☐	☐	☐
Resolution 13a	Approval of Issue of Shares to Warren Murphy.	☐	☐	☐
Resolution 13b	Approval of Issue of Shares to Matthew Driscoll.	☐	☐	☐
Resolution 13c	Approval of Issue of Shares to Nicholas Andrews.	☐	☐	☐
Resolution 14	Approval of Issue of 500,000 Convertible Notes to Pure.	☐	☐	☐
Resolution 15	Approval of Issue of 7,500,000 Options to Pure.	☐	☐	☐
Resolution 16	Approval Under Section 611 Item 7 of the Corporations Act.	☐	☐	☐

STEP 3

SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2026