

**Carbon Revolution Limited**

Geelong Technology Precinct
75 Pigdons Road
Waurin Ponds, 3216
Australia

ABN: 96 128 274 653



17 May 2022

Mr Jon Chow
Adviser, Listings Compliance
Level 4, North Tower
Rialto Towers
525 Collins Street
Melbourne VIC 3000

Response to ASX Aware Query

Dear Jon

We refer to your letter dated 13 May 2022 in reference to Carbon Revolution Limited's (**CBR or the Company**) announcement to the market on 10 May 2022 titled "Market Update" in which you have asked a number of questions in relation to the announcement.

Accordingly we provide the following responses:

1. Does CBR consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

2. If the answer to question 1 is "no", please advise the basis for that view.

Following the Company becoming aware of the Information, CBR's relevant personnel considered the likely impact of the Information on the price of CBR's securities and formed the view that a reasonable person would not expect the Information to have a material effect on the price or value of CBR's securities. This view was taken because it was considered that a \$12m grant (payable over FY23 and FY24) would not be considered by a reasonable person to materially increase the value of CBR. The view was taken that CBR's shareholders are most interested in the long term performance and long term fundamentals of CBR which, it was considered, were not materially affected by the Information.

This view was also informed by the CBR share price performance on the day of release of its H1 FY22 results on 23 February 2022 and its Q3 FY22 4C and Quarterly Activities Report on 22 April 2022. Both of these updates noted the Company's progress in relation to refinancing arrangements with Export Finance Australia, including \$8m of additional financing and extension of limits for financing with other parties by \$15m. The announcement on 23 February 2022 noted that the new financing agreement was in process while the announcement on 22 April 2022 noted that documentation was in its final stages. On 23 February 2022 the CBR share price dropped from the previous day's close of \$0.98 to \$0.96. On 22 April 2022 the CBR share price dropped from the previous day's close of \$0.645 to \$0.60.

The Company was surprised that the CBR share price increased by 23.3% on 10 May 2022, which represented an increase in market capitalisation well in excess of the \$12m amount referred to in the grant announcement. It also notes that more than two-thirds of the gains in the CBR share price on Tuesday 10 May 2022 were lost over the following two trading days resulting in an overall increase of \$0.03 from the close of trade on the ASX on Monday 9th May to the close of trade on Thursday 12 May.

3. When did CBR first become aware of the Information?

The Company first became aware of the information on Monday, 9 May 2022.

4. If the answer to question 1 is “yes”, and CBR became aware of the Information before the relevant date, did CBR make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe CBR was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps CBR took to ensure that the information was released promptly and without delay.

Not applicable.

5. Please confirm that CBR is complying with the Listing Rules and, in particular, Listing Rule 3.1.

The Company confirms that it is complying with the Listing Rules, including Listing Rule 3.1.

6. Please confirm that CBR’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CBR with delegated authority from the board to respond to ASX on disclosure matters.

The Company’s responses to the questions above have been authorised and approved by the Board.

Yours sincerely,



David Nock
General Counsel and Company Secretary



13 May 2022

Mr David Nock
Company Secretary
Carbon Revolution Limited
Building NR, Geelong Technology Precinct
75 Pigdons Road
Waurin Ponds VIC 3216

By email:

Dear Mr Nock

Carbon Revolution Limited('CBR'): General – Aware Query

ASX refers to the following:

- A. CBR's announcement entitled "Market Update" lodged on the ASX Market Announcements Platform at 10:30am and released at 10:33am on 10 May 2022 (the 'Announcement'), disclosing that CBR have secured a \$12 million Commonwealth Modern Manufacturing Initiative grant for its Mega-line project ('Information'). The Announcement was lodged as 'not-market sensitive' but was changed by ASX to 'market sensitive'.
- B. The media article in the Geelong Advertiser entitled "Huge cash injection into Carbon Revolution's new era" released at 10.30pm on Monday, 9 May 2022.
- C. CBR's 11% share price increase from \$0.45 as at the close of trading on 9 May 2022 to \$0.50 prior to the release of the Announcement. CBR's shares closed at \$0.555 on 10 May 2022 resulting in a 23.33% increase on the day.
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied:

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

 - It would be a breach of a law to disclose the information;
 - The information concerns an incomplete proposal or negotiation;
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - The information is generated for the internal management purposes of the entity; or

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- *The information is a trade secret; and*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 *A reasonable person would not expect the information to be disclosed.”*
- G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:
- “Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*

Request for information

Having regard to the above, ASX asks CBR to respond separately to each of the following questions and requests for information:

1. Does CBR consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did CBR first become aware of the Information?
4. If the answer to question 1 is “yes” and CBR first became aware of the Information before the relevant date, did CBR make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time (prior to market open at 10.00am on 10 May 2022), commenting specifically on when you believe CBR was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps CBR took to ensure that the information was released promptly and without delay.
5. Please confirm that CBR is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that CBR’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CBR with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEST Wednesday, 18 May 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CBR’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require CBR to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceMelbourne@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CBR's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in CBR's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CBR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that CBR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

Jon Chow
Adviser, Listings Compliance (Melbourne)