

**Indiana plant on track & financing strategy to completion in place; carbon black market continues to improve**

**15th October 2018:** Pyrolyx AG (ASX: PLX) confirms that construction of the Pyrolyx USA Terre Haute, Indiana plant continues, and the operations are expected to be mechanically complete in May 2019, and then fully operational in June, 2019 (one month later than anticipated at time of IPO).

Financing Update

The company has a financing strategy in place to allow the Pyrolyx Group to become cash flow positive after the Indiana operation becomes fully operational. Specific funding measures have already been taken (see below) & the group has access to additional funds when required. Pyrolyx is pleased to advise:

1. €2.37M in fresh equity capital has been received by Pyrolyx AG in return for the issuance of 346,333 new shares since the Annual General Meeting in July 2018;
2. A €2M loan facility has been obtained by Pyrolyx USA Inc from TSAL Pty Ltd, an entity associated with Michael Triguboff, a Supervisory Board member of Pyrolyx AG. The loan is secured, interest bearing and has 10 year warrants over 154 shares in Pyrolyx USA Inc (4% of its issued shares) at an exercise price of €9,500 per share. TSAL and David Groves, Chairman of Pyrolyx AG, have also lent €0.55M to Pyrolyx AG, at 10% p.a interest, repayable in April 2019;
3. €0.26M of shareholder loans, which were disclosed at the time of the IPO are being converted to 40,014 shares.

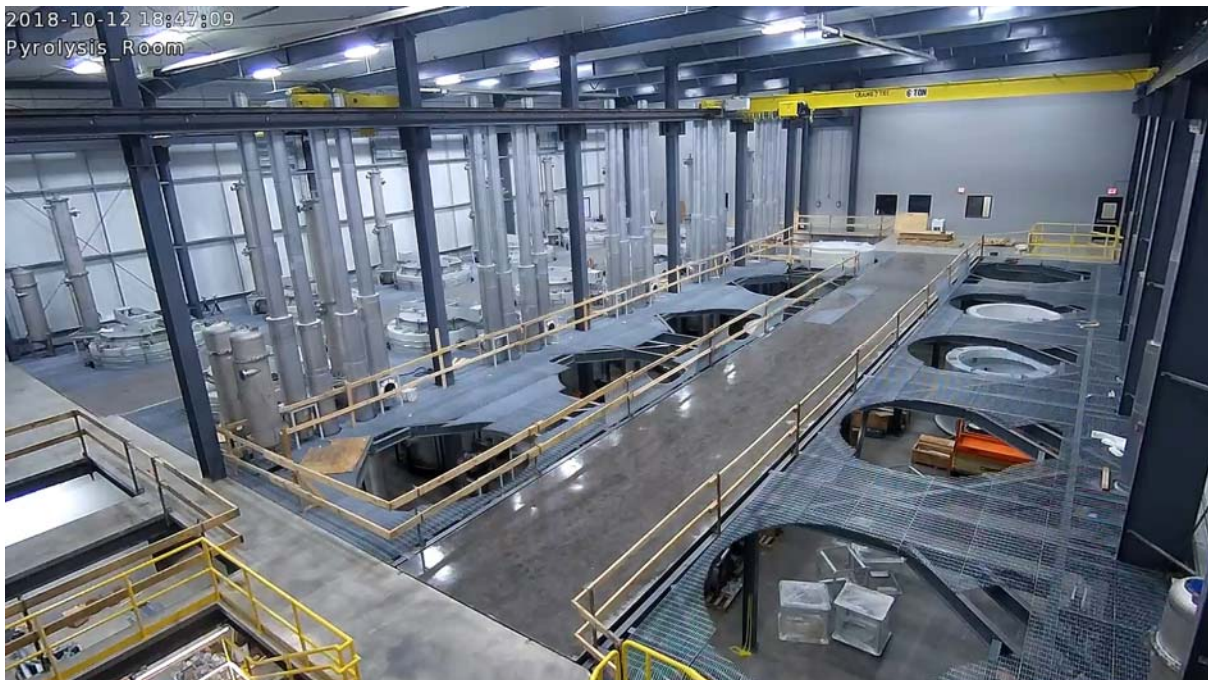
Strategic Update

Pyrolyx AG would also like to advise shareholders of the following developments:

- a. As indicated in prior announcements, the Pyrolyx Group operations are being restructured to more closely align with the pivotal USA market from where the majority of revenues and profits are anticipated to emanate in the coming years.  
Thomas Redd the CEO of Pyrolyx USA Inc has interviewed some outstanding candidates for the role of Global CFO, to be based in the USA, and an appointment is imminent.
- b. The corporate headquarters in Munich is in the process of being closed down and a very small team will relocate to serviced offices as more responsibilities and functions are transferred to the USA.
- c. The consulting agreement with the former CEO, Mr Niels Raeder, has been terminated.
- d. The former CFO, Mr Sven Eric Molzahn, has been terminated for cause. Pyrolyx AG will shortly call an Extraordinary General Meeting of shareholders to vote on a loss of confidence in the previous CFO.
- e. There has been a material improvement in the US carbon black market since the IPO. Since the date of the IPO Prospectus, carbon black prices have increased 26% (July 2017-September 2018, Notch Consulting pricing) and oil prices have increased over 58%. The improvement in oil prices is a positive for Pyrolyx for two reasons: first, its principal competitors manufacture traditional carbon black using oil as their primary raw material input and thus oil price increases result in increased operating costs for Pyrolyx's competitors; and

second, carbon black market prices, partially as a result of the input cost mentioned above, are correlated to oil prices, though less so than in the past because of the increased burden of conforming to environmental standards, noted below.

- f. In a further positive development for Pyrolyx, the number of carbon black manufacturing plants in the USA is expected to decrease as some less environmentally efficient plants have become unviable with increased environmental regulation. Notch Consulting, publisher of the Carbon Black World Data Book, forecasts continuing supply tightness in the North American carbon black market, driven by major investments in new tyre manufacturing capacity in the region coupled with environmental restrictions on new carbon black capacity.
- g. Industry participants have announced substantial further price increases to absorb the increased manufacturing costs of satisfying environmental concerns. The increased operating costs of its competitors positively affect Pyrolyx, whose environmentally sustainable process does not suffer from these environmental issues.



*Indiana Plant Pyrolysis Room*

**ENDS**

## **About the Pyrolyx Group**

Pyrolyx AG (ARBN: 618 212 267) is the world leader in the extraction of rCB (recovered carbon black) from end-of-life tyres. rCB is used to manufacture new tyres as well as in the plastic, technical, rubber and masterbatch industries.

Shares in the Company (WKN A2E4L4) are listed on the stock exchanges in Frankfurt and Dusseldorf as well as on m:access (Munich Stock Exchange) and also traded on the electronic trading system Xetra and the ASX (Australian Stock Exchange) under the ticker PLX (ASX: PLX). For more information, please visit [www.pyrolyx.com](http://www.pyrolyx.com).