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Leilac and Heidelberg Materials agree Joint Venture for the Leilac-2 Demonstration Plant

Sydney, Australia | 11 June 2024 – Australian environmental technology company, Calix Limited (ASX: CXL) (“the Company”) is pleased to announce that Calix’s subsidiary, Leilac Limited (“Leilac”) and Heidelberg Materials (FWB: HEI) have formed a Joint Venture (“JV”) for the Leilac-2 demonstration plant at Heidelberg Materials’ Ennigerloh cement plant in Germany.

Highlights

- Leilac and Heidelberg Materials have executed a JV for the construction, operation and future ownership of the Leilac-2 demonstration plant.
- Following construction, the parties will decide about a potential transfer of ownership of the Leilac-2 plant to Heidelberg Materials, subject to technical and commercial performance criteria being met during a three-year testing period.
- Upon transfer of ownership, Heidelberg Materials would repay Leilac’s capital contribution to the project, less depreciation.
- Construction of the Leilac-2 plant is expected to commence in 2025 and commissioning of the plant is expected to occur in mid-2026.
- In parallel with the construction of Leilac-2, Heidelberg Materials and Leilac have committed to explore initial steps required for the development of a full-scale commercial installation.
- Heidelberg Materials and Leilac have previously signed a global licence agreement, covering all plants where the Leilac technology is used, including Leilac-2.

The Leilac-2 project aims to demonstrate a replicable module that can efficiently capture up to 100,000 tonnes per year of unavoidable process carbon dioxide emissions released during cement and lime production.

Calix has had a long-standing relationship with Heidelberg Materials. Construction of the Leilac-2 project follows the pilot-scale Leilac-1 project at Heidelberg Materials’ cement plant in Lixhe, Belgium which was opened in 2019.

The JV between Heidelberg Materials and Leilac, Calix’s 93% owned subsidiary, comprises a suite of agreements relating to the Leilac-2 demonstration plant. These agreements include the formation of a civil code partnership and the terms for the lease, cost sharing, operation, and a potential future transfer of ownership of the plant.

Following construction and commissioning, Leilac-2 will be operated for up to three years to test and demonstrate the performance and operability of the technology. Subject to the Leilac-2 plant meeting technical and commercial performance criteria relative to other available carbon capture technologies during this period, Heidelberg Materials will consider taking ownership of the plant and

in such case repay Leilac's capital contribution to the project, less depreciation.

Leilac-2 costs and timing

Detailed engineering for site-specific integration continues following the change in project location to Ennigerloh earlier this year. Final capital costs for the project remain subject to the completion of this work. It is currently expected that there will be no material change in the scope or objectives of the project.

The Leilac-2 project was awarded funding of €16m from the European Union's Horizons 2020 programme and is supported by various cash and in-kind commitments from the project's consortium partners.

Leilac Ltd is considering various options to fund its remaining share of the construction cost, including its own balance sheet, capital and debt options. The majority of the project's capital expenditure will occur following the completion of permitting and the beginning of construction.

The project timeline remains subject to permitting, with construction expected to occur in 2025 and commissioning in 2026.

Towards full-scale commercial deployment – "Leilac-3"

In parallel with the construction of Leilac-2, Heidelberg Materials and Leilac have committed to explore initial steps required for the development of a full-scale commercial installation of the Leilac technology at a Heidelberg Materials cement plant.

Success of Leilac-2 provided, Leilac-3 would be the third and final scale up step for the Leilac technology, representing an up to five-fold increase in capture capacity from the demonstration plant. A Leilac-3 plant could potentially process all the host cement plant's raw material, typically capturing between 0.5–1 million tonnes of unavoidable process CO₂ emissions per year, depending on the size of the host plant.

Heidelberg Materials and Leilac have previously signed a global licence agreement. The agreement covers the potential use of the Leilac technology at up to 150 Heidelberg Materials' cement plants across five continents in case the performance and operability of the technology have been demonstrated successfully.

Leilac CEO, Daniel Rennie said, "The formation of a joint venture with Heidelberg Materials for the Leilac-2 plant marks another important milestone for commercialisation of the Leilac technology. We look forward to continuing to collaborate with Heidelberg Materials to demonstrate and deploy cost-effective solutions to decarbonise cement production at commercial scale."

Heidelberg Materials General Manager Germany, Christian Knell said, "The rapid testing and implementation of state-of-the-art carbon capture technology is key to decarbonising the cement industry in Germany. I look forward to the construction start and seeing the Leilac-2 demonstration plant taking shape soon."

-ENDS-

This announcement has been authorised for release by the Calix Board of Directors.

About Calix

Calix Limited (ASX: CXL) is an environmental technology company solving urgent global challenges in industrial decarbonisation and sustainability.

Calix's unique patented core platform technology delivers efficient indirect heating of raw materials to enable renewably powered mineral processing and efficient capture of unavoidable industrial emissions.

With strong and increasing demand driven by global commitments to net-zero emissions, Calix is applying its core technology to the decarbonisation of cement, steel and alumina, sustainable processing of critical minerals, direct air capture of atmospheric carbon dioxide, and sustainable environmental products.

Each application of the technology is being deployed through a proven licensing, joint-venture and spin-out model. Subsidiary businesses focused on a specific application and target market accelerate commercialisation and enable a flexible equity funding model to support exponential growth.

Leveraging its core platform technology and a global network of partners, Calix is urgently developing multiple environmental businesses that deliver positive global impact. Because there's only one Earth.

Mars is for quitters.

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