

RELEVANT FACT
CARBURES EUROPE, S.A.
16 December 2016

In accordance with the provisions of Article 17 of Regulation (EU) No 596/2014 on market abuse and Article 228 of the Consolidated text of the Securities Market Law, approved by Royal Decree 4/2015, of 23 October and related provisions, as well as according to Notice 15/2016 of the Alternative Stock Market (MAB), we provide the following information:

The Carbures Board of Directors, held on December 2nd, 2016, ratified the agreements negotiated by the Company with various creditors for the capitalization of its non-bank debt as of January 1st, 2017, in order to propose to the General Meeting, the capital increase by offsetting the credits before February 15th, 2017.

Credit details:

CREDITOR	CREDIT AMOUNT €	CAPITALIZATION ACCRUED INTERESTS 1 JAN 2017	TOTAL DEBT	CASH COMPENSATION €	SHARE COMPENSATION €	NUMBER OF NEW SHARES
BUXTER XXI, S.L.	86.309,60	N.A.	86.309,60 €	0.06	86309,54	179.924
Mr. Iván Contreras Torres	58.667,44	N.A.	58.667,44 €	0.13	58667,31	122.300
NEUER GEDANKE, S.L.	4.903.267,43	N.A.	4.903.267,43 €	0.45	4903266,98	10.221.528
NANOTURES, S.L	5.246.243,56	N.A.	5.246.243,56€ €	300.000,25€	4.946.243,31	10.311.118
BTC DOS, SÀRL	40.000.000	5.191.659,33	45.191.659,33 €	0.18	45191659,15	94.208.170
TOTAL			55.486.147,37 €	300.001,08€	55.186.146,29€	115.043.040

Under the assumption that the Shareholders General Meeting approves the capitalization and performs the cash payment indicated in the above table, the debt of the company will be reduced by 55.5M €, of which 55.2M € will correspond to the capitalization of non-bank debt.

If the Shareholders General Meeting approves this capitalization, no interest will be accrued from January 1st until the delivery of the shares.

Buxter's Debt: Debt for service provisions through 2014 and 2015.

Iván Contreras' Debt: Debt for service provisions in 2014.

Neuer's Debt: Debt amounting 4.706.257,92 € as a result of the asset assignment agreement dated September 24th 2015, plus 147.009,51 € per interests (net retention) not capitalized of the credit of more than 50.000 € that NEUER capitalized by resolution of the Shareholders' General Meeting held on August 14th, 2015. This amount corresponds to the first quarter of the first extension of the assignment of assets regulated in the general and private contracts of assignment of assets dated 24th of September 2015.

Nanotures Debt: Compensation of debt agreement between Nanotures and Carbures for commercial operations and also the purchase of fixed assets resulting in an amount of 5.246.243,56 € of which 300.000 € are met in cash by the clearing and conversion agreement.

BTC Debt: Derived from the following signed contracts:

(1) dated on November 11th, 2015, the parties signed a convertible loan agreement (hereinafter the "Loan Agreement") divided into two tranches for a total amount of thirty million (30.000.000) euros, which was raised to the public on November 11th, 2015.

The amount of Tranche A amounts to twenty million (20.000.000) euros and the amount of Tranche B amounts to ten million (10.000.000) euros and,

(2) On August 29th, 2016, BTC and Carbures signed the so-called "Counter Guarantee Agreement" (hereinafter the "Deposit Agreement") for an amount of 10.000.000 €.

CREDITOR	NUMBER OF SHARES PRE CAPITALIZATION	PRE CAPITALIZATION PARTICIPATION	NUMER OF SHARES POST CAPITALIZATION	POST CAPITALIZATION PARTICIPATION
BUXTER XXI, S.L.	0	0%	179.924	0,084%
Mr. Iván Contreras Torres	168.559	0,174%	290.859	0,1372%
NEUER GEDANKE, S.L.	8.090.512	8,35%	18.312.040	8,64%
NANOTURES, S.L	0	0%	10.311.118	4,865%
BTC DOS, SÀR	9.772.432	10,09%	103.980.602	49,067%
Carbures	96.872.084	100%	211.915.124	100%

The total amount of the capitalized debt, if approved by the General Meeting, will amount to 55.186.146,29 €, through the issuance of 115.047.400 new shares, all of them with the same rights and nominal value (0.17 €) and a share premium of € 0.3097, giving each share a total value of 0.4797 €.

For the determination of the agreed price of capital conversion of all the aforementioned credits, we analyzed the conversion prices agreed for the different in force contracts between Carbures and BTC based on:

Debt	Total Debt (1/1/2017)	Principal	Interests	Conversion Price	Corresponding Shares	Average Price	Rounded Average Price
Tranche A	23.698.526,00	20.000.000,00	3.698.526,00	1,5	15.799.017,33		
Tranche B*	11.098.200,00	10.000.000,00	1.098.200,00	0,18346796	60.491.216,00		
Convertible Loan	10.394.933,33	10.000.000,00	394.933,33	0,58	17.922.298,85		
Total	45.191.659,33				94.212.532,18	0,47967779	0,4797

Note* See formula used for computing conversion price

FORMULA FOR COMPUTING CONVERSION PRICE OF TRANCHE B

$$\frac{\text{Tranche B}}{\text{SP}} + \left[\frac{\text{Tranche A} + 10.000.000,00}{\text{SP}} - \frac{\text{Tranche A} + 10.000,00}{1,50} \right]$$

$$\frac{11.098.200,50}{20.552.223 + 62.404.677 - 22.465.684}$$

$$= 0,183468$$

SP= Share Price of the day before the agreement

SP= 0.54 the lower share price is compared to 1.5, the lower the conversion price will be.

1. - The amount of tranche A of Credit 1 (20MM€) plus interests accrued on January 1st, 2017, and applying the agreed conversion price of 1,50€, results on the delivery of 15,799,017 Carbures shares to BTC.

2. - The amount of tranche B of Credit 1 (10 million €), plus interests (1.098.200 €), which will have accrued by January 1st, 2017, is subjected to the agreed conversion price of 0,18346796 € per Carbures share, resulting in 60.491.216 shares. The conversion price of tranche B is derived from dividing the amount of tranche B by the conversion price resulting from applying the formula shown below, with a maximum conversion price of € 1.50 per Carbures share:

Amount Tranche B

$$\frac{\text{Tranche B/SP} + \left[\frac{\text{Tranche A} + 10.000.000}{\text{SP}} - \frac{\text{Tranche A} + 10.000.000}{1,50} \right]}$$

3.- The amount of Credit 2, plus interests (10.394.933 €) accrued by the latter as of January 1st, 2017, applies the agreed conversion price of 0.58 € per share, this is, 1.5 € compensated by an equivalent amount to the difference between 1.5 € and 0.58 €, resulting in 17.922.298 shares.

4.- The operations described in the three previous sections, result in a rounded average conversion price of 0.4797 € per share. Consequently, when dividing the total amount of BTC credits -45.191.659,33 € - by the conversion price 0.4797, this results in a total number of 94,208,170 shares to receive by BTC.

El Puerto de Santa María, 16 December 2016.

CARBURES EUROPE, S.A.
Guillermo Medina Ors
Non-executive Secretary of the Board