ASX ANNOUNCEMENT

2 June 2021

Companies Announcement Office
ASX Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

Innovaero Update

As previously advised, CFOAM owns a 10.24% investment in Innovaero Technologies Pty Ltd (**Innovaero**) and, as part of an Innovaero $6m convertible note raise, has invested A$1 million with a plan to invest a further amount of A$975,000 post-shareholder meeting to approve the placement announced on 12 May 2020.

This investment will maintain and increase CFOAM's interest in Innovaero when converted to equity. The conversion is subject to 30% discount to an IPO valuation. CFOAM's current interest will increase from 10.24% to up to 17%, subject to the valuation conversion. CFOAM has no Board or management role in Innovaero and is an investor.

Innovaero is rapidly developing the Fox UAV solution for the Australian Defence market.

The Australian Government is set to invest AUD$270bn in Australian Defence Force (ADF) capability and infrastructure over the next ten (10) years as part of the *2020 Defence Strategic Update and Force Structure Plan* (the Plan), which is a key target market for Innovaero.

The Australian government has mandated that all Defence tenders, where possible, must include Australian Sovereign content and we believe Innovaero is well placed with its domicile and unique skill set to address this demand.

We are pleased to attach a short summary on Fox and all its capabilities.

This supports CFOAM's strategy of further increasing its stake in this exciting West Australian business that is tackling a significant market both here in Australia and more importantly abroad.

This ASX release has been approved for release by Gary Steinepreis on behalf of the Board of Directors

For further details, please contact:

Gary Steinepreis
Director
E: gsteinepreis@CFOAM.com

Todd Hoare
Director
E: thoare@CFOAM.com

About CFOAM Limited

CFOAM® products are an inorganic carbon material that is manufactured from coal, pitch or lignin feedstock. CFOAM® products manufactured in this process have a rigid foam structure, similar in appearance to pumice stone, but with entirely different properties. CFOAM® products are currently used across a wide variety of markets including composite tooling for the aerospace sector, energy absorbing applications and defence applications. Additional markets such as automotive applications for energy absorption and fire resistance are also expected to become significant to the Company over time.

CFOAM® products were developed to meet the growing demand for ultra-high-end performance engineering materials in the industrial, aerospace, military and commercial product markets.

Important Notice

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which CFO operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside CFO's control.

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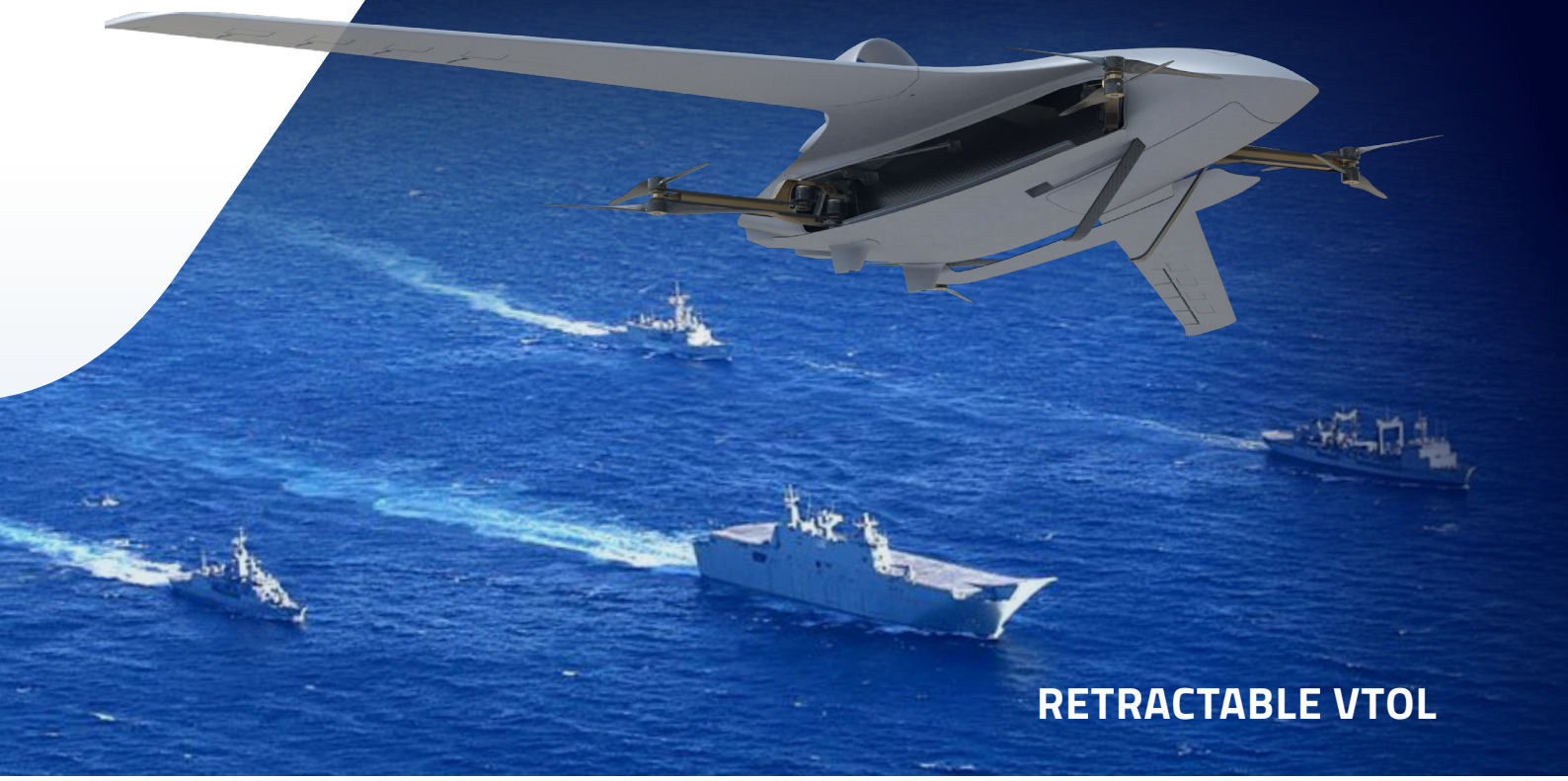
innovaero

FOX

SEE BEYOND & RESPOND

VTOL without the drag



SEE BEYOND & RESPOND

AN EXPEDITIONARY & MARITIME TACTICAL UAS REVOLUTION

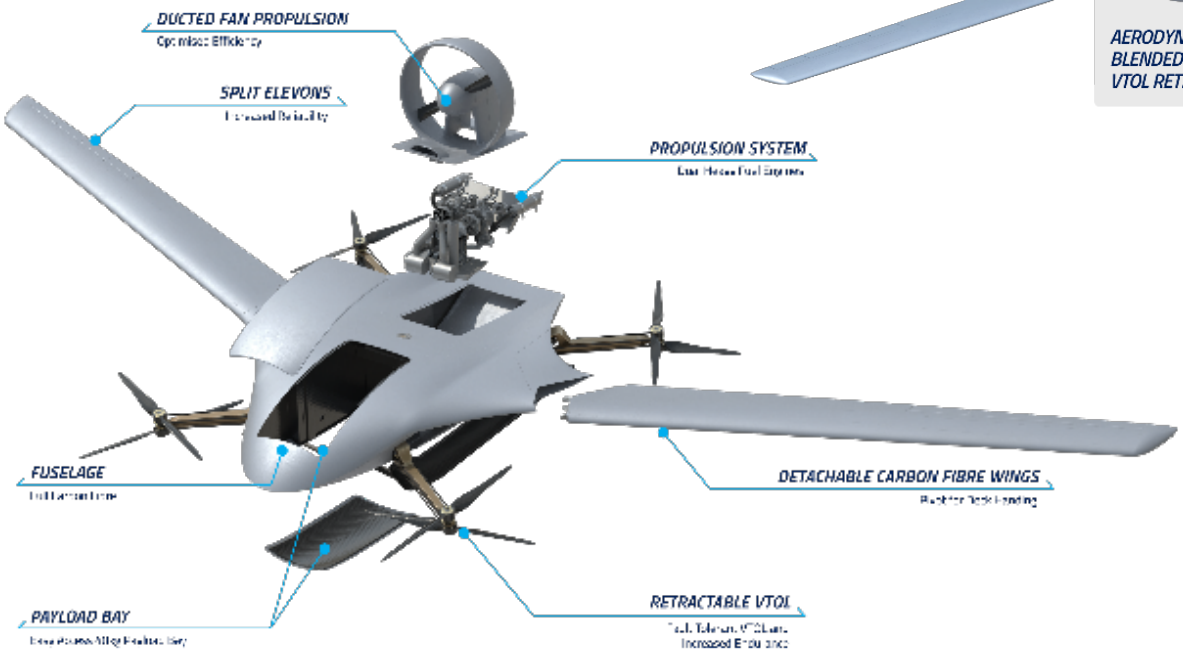
Our revolutionary retractable VTOL^{RQ} / Blended Wing Body Tactical Unmanned Aerial System offers the **best of both** rotary-wing and fixed-wing UAS capabilities. ***FOX*** delivers unmatched multi-mission and multi-domain capability: straight-up all around mission superiority.

FEATURES & BENEFITS

- **VTOL^{RQ}** denotes **R**etractable **Q**uadrator hybrid-electric **VTOL** and is the heart of our revolution.
- **VTOL^{RQ}** delivers highly responsive and resilient VTOL able to match the payload lift of any rotary-wing MUAS and land safely on deck in rough seas.
- **VTOL^{RQ}** makes *FOX* runway independent, eliminating the need for launch & recovery equipment.
- With the **VTOL^{RQ}** retracted, *FOX's* aerodynamically efficient **Blended Wing Body (BWB)** maximises mission range and endurance; double that of rotary-wing MUAS/TUAS.
- **More payload** means better sensors, more on-board edge processing and superior LOS/BLOS communication options.
- *FOX* can carry more payload further, longer, safer and generate significant on-board power. That enables the integration of superior ISR&T solutions; enabling Mission Commanders to **See Beyond** and **Respond**.
- *FOX's* modular open architecture and large payload bay provides for a broad range of mission capabilities and can easily be **evolved** in response to future challenges and threats.
- A multi-domain TUAS/MUAS, *FOX* excels in maritime, expeditionary and land operations. It is a modular, versatile multi-mission UAS, capable of rapid role transition.
- The ducted main propulsion system is driven by two rotary engines that deliver redundancy and assure mission completion.

Fly heavier payloads, further, for longer, safer

AERODYNAMIC BLENDED WING BODY FORM, VTOL RETRACTED



PERFORMANCE SPECIFICATION

MTOW:	180 kg
Payload:	40 kg
Length, Wingspan, Height	2.65 m, 8 m, 1.1 m
Range:	LOS/BLOS
Endurance:	11 hrs @ max payload
Main Propulsion:	redundant rotary engines
Heavy Fuel:	F44/JP5 and F34/JP8
VTOL Propulsion:	fault-tolerant quadrotor-coaxial electric motors
VTOL:	fully retractable (aerodynamic)

Short wing option available

PAYLOADS

- Synthetic Aperture Radar (SAR/AESA)
- Ground Moving target Indicator (GMTI)
- LIDAR
- Stabilised EO/SWIR/IR
- Hyper- and Multi-Spectral Cameras
- EW sensors/EA
- LOS & BLOS Comms & Comms Relay

APPLICATIONS

ISR, Target Designation, BDA, Communications Relay, Force Protection, SAR, EW/EA, ASW, Anti-Piracy, Border Security, Humanitarian Assistance and Disaster Response

INNOVAERO – SOVEREIGN INDUSTRY CAPABILITY FOR

UAS design, Air Vehicle and EO sensor manufacture, system integration and support

Innovaero is a 100% Australian owned SME with a 10-year history of developing innovative world-class airborne electro-optic sensor payloads and aircraft modifications. 90% of sales are to the US.

Innovaero is fully qualified to design and manufacture MUAS/TUAS and integrate sensor and communications suites:

- **Design:** CASA approvals for aircraft structure and systems: CASR 21J (Design Organisation Approval), 21M, and 21E STC.
- **Manufacturing**: CASR 21G (Production Certificate), 21K APMA (Part Manufacturing Authority).
- **Maintenance:** CAR 30 Certificate of Approval for component maintenance
- **Quality:** AS9100D

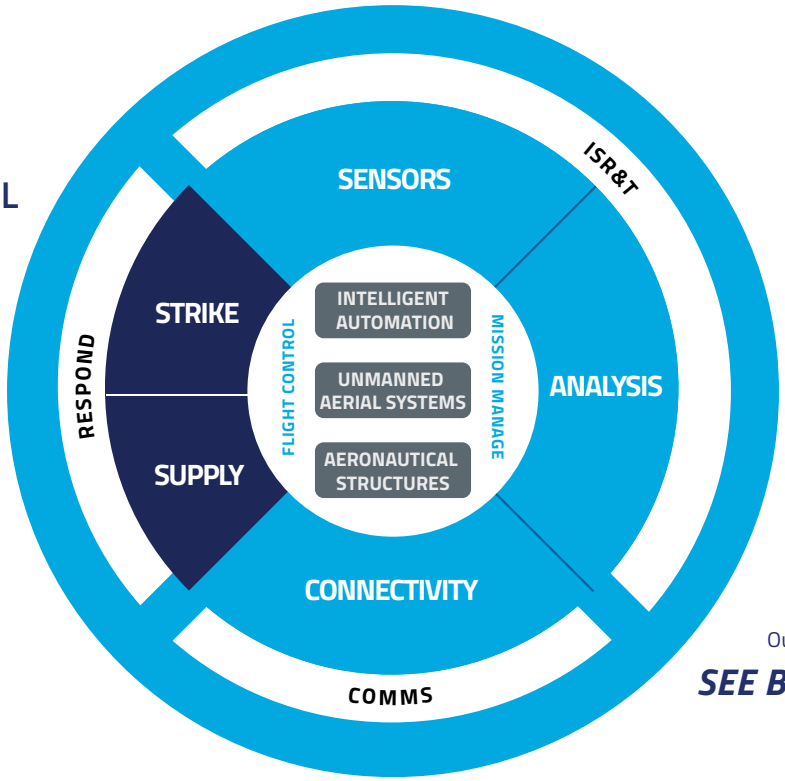
innovaero
Innovators in Aeronautical Technology

PROUD SUPPORTER OF VETERANS' EMPLOYMENT

Australian Sovereign
Defence Capabilities

FUTURE DEFINING Autonomous Tactical Unmanned Aerial Systems (TUAS)

- Multi-domain
- Multi-mission
- Retractable VTOL or CTOL
- Agile
- Resilient
- Cost effective
- Local OEM responsiveness

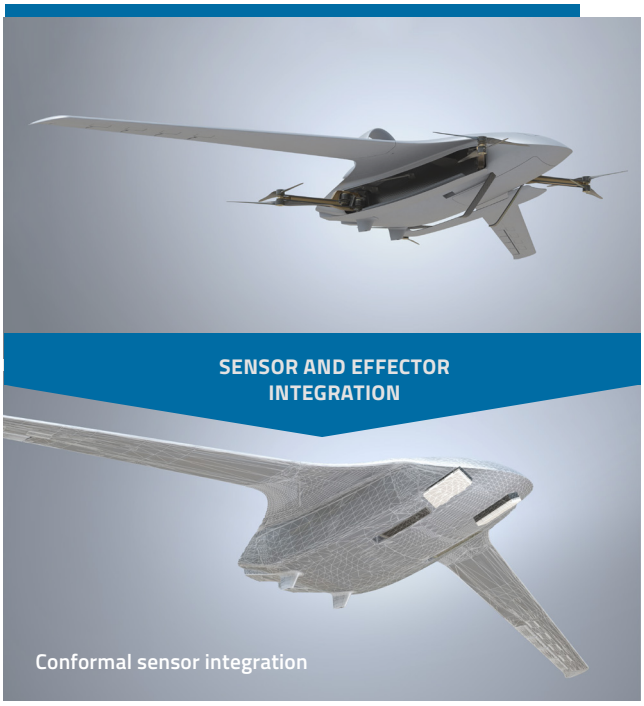


Our solutions enable customers to...

SEE BEYOND & RESPOND

MANNED ISR AIRCRAFT
(Sensor POD integration)

RETRACTABLE VTOL TACTICAL UAS
Intelligence Surveillance & Reconnisance

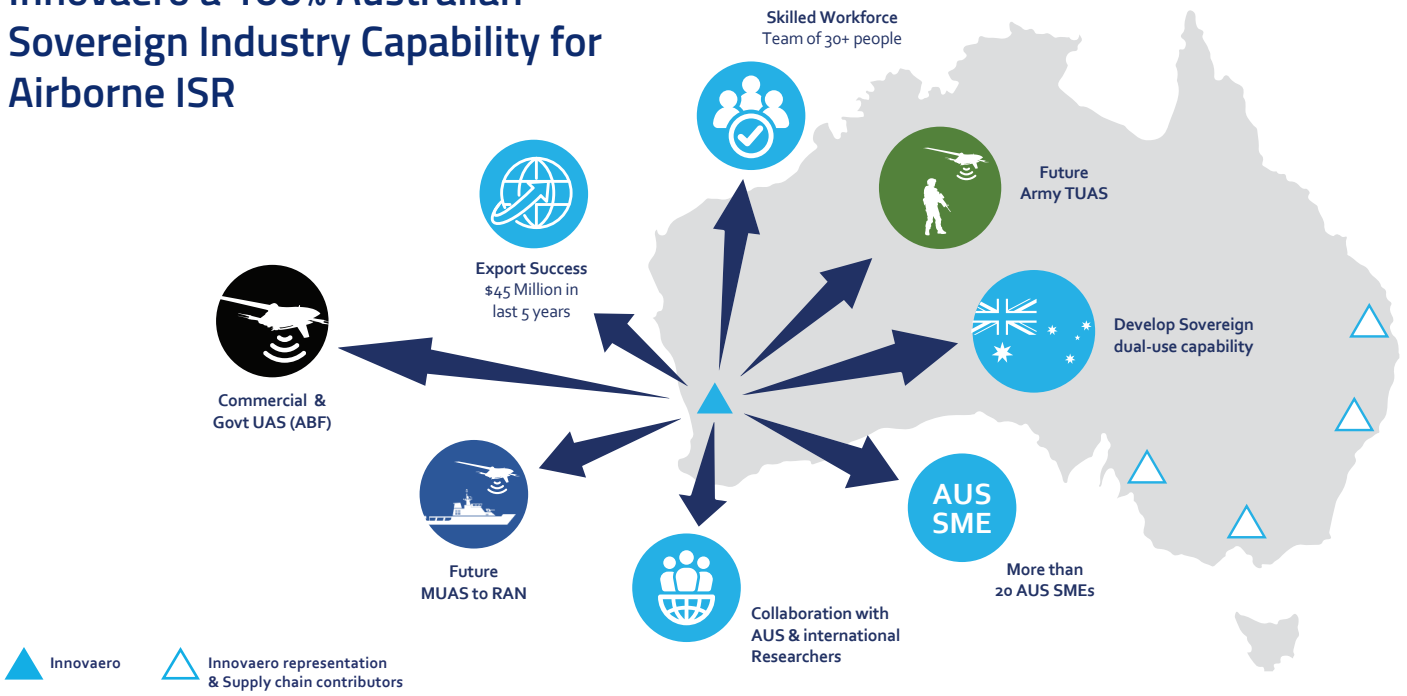


10 YEAR HISTORY OF CAPABILITY DEVELOPMENT

innovaero
Innovators in Aeronautical Technology

Innovators in
Aeronautical Technology

Innovaero a 100% Australian Sovereign Industry Capability for Airborne ISR



Innovaero's 10-year investment in IP, design engineering, advanced manufacturing, systems integration, flight testing and a resilient local supply chain has created a Sovereign industrial capability for (manned and unmanned) airborne intelligence, surveillance and reconnaissance (ISR) systems, with dual-use application.

Innovaero has a proven track record of delivering world-class aeronautic and airborne ISR outcomes for clients in Australia, the United States and Canada. Our multidisciplinary team has been recognised for its innovative designs and ground-breaking technologies via national engineering excellence awards.

Located on both the West and East Coast of Australia, our team provides end-to-end sovereign industrial capabilities for airborne ISR including: aircraft design, manufacturing & certification (CASA), airborne sensor design & manufacture, systems integration and support/overhaul services. It is our mission to provide mission commanders enhanced situation awareness and tactical response.

AUSTRALIAN INDUSTRY CAPABILITY

Industry Recognition

- 2016 – Engineering Excellence Award (WA), Engineers Australia
- 2018 – Engineering Excellence Award (WA), Engineers Australia
- 2019 – Avalon Innovation Award for Aeronautics, Aerospace Australia
- 2019 – Avalon National Civil Innovation Award, Aerospace Australia

Trusted Industry Partners of

- The Qantas Group
- EagleView Technologies
- Raytheon Australia
- Australian Special Operations Command
- Momentum Aeronautics LLC

CASA Certifications

- **Design:** CASA approvals for aircraft structure and systems: CASR 21J (Design Organisation Approval), 21M, and 21E STC
- **Manufacturing:** CASR 21G (Production Certificate), 21K APMA (Part Manufacturing Authority).
- **Maintenance:** CAR 30 Certificate of Approval for component maintenance
- **Quality:** AS9100D

Manufacturing Capability

Innovaero manufactures, assembles and integrates airborne structures, equipment and systems. Critically, we are CASA certified to issue Authorised Release Certificates (form one).