

CFOAM Limited
Appendix 4E
Preliminary final report
30 June 2023

1. Company details

Name of entity: CFOAM Limited
ABN: 46 611 576 777
Reporting period: For the year ended 30 June 2023

2. Results for announcement to the market

	30 June 2023 US\$	30 June 2022 US\$	Movement
Revenues from operations	-	-	-
Loss from continuing operations after income tax	(254,255)	(521,613)	↓ loss
Loss from discontinued operations after income tax	(132,732)	(4,078,184)	↓ loss
Loss attributable to owners of CFOAM Limited	(279,733)	(3,600,215)	↓ loss

Dividends

There were no dividends declared or paid in the period.

3. Net tangible assets

	30 June 2023	30 June 2022
Net tangible assets per ordinary security	<u>\$0.0036</u>	<u>\$0.004</u>

4. Control or Loss gained over entities

The Group sold its interest in CFOAM Corp to a subsidiary of CONSOL Energy Inc for US\$1m.

5. Joint ventures

The Group is not involved in any joint ventures.

6. Audit status

The preliminary final report is based on accounts which have been audited. A qualified opinion was issued relating to the investment in 'Financial assets at fair value through profit or loss', specifically relating to Innovaero.

7. Attachments

Details of attachments (if any):

The Preliminary Final Report of CFOAM Limited for the year ended 30 June 2023 is attached.

8. Signed

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

Lodged electronically

A handwritten signature in black ink, appearing to read 'G Steinepreis', with a stylized flourish at the end.

Gary Steinepreis
Director
Perth

Dated: 10 July 2024

CFOAM Limited
ACN 611 576 777
For the year ended 30 June 2023

Annual Report

CORPORATE DIRECTORY

Directors

Gary Steinepreis
Non-Executive Chairman

Todd Hoare
Non-Executive Director

Nicholas Ong
Non-Executive Director

Company Secretary

Gary Steinepreis

ASX Code

CFO (suspended)

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Registered Office

Level 1
33 Ord Street
WEST PERTH WA 6005

Telephone: + 61 8 9226 1524

Website: www.cfoam.com.au

Share Registry

Computershare Investor Services Pty
Limited
Level 17, 221 St George's Terrace
Perth WA 6000

Investor enquiries: 1300 557 010

Telephone: +61 8 9323 2000

Facsimile: +61 8 9323 2033

Auditor

BDO Audit (WA) Pty Ltd
Level 9
Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

Directors' Report

Auditor's Independence Declaration

Financial Report

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CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

The Director's present their report for the year ended 30 June 2023 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The names of the directors in office at any time during or since the end of the year are:

Gary Steinepreis
Todd Hoare
Nicholas Ong

Particulars of each directors' experience and qualifications are set out later in this report.

Principal activity

The principal activity of the Company is as an investor in new technology companies and reviewing new investments.

Financial results

The financial results for the year ended 30 June 2023 are presented in US\$:

	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Cash and cash equivalents (US\$)	210,610	26,789	1,101,272	418,118
Net assets (US\$)	2,606,961	3,217,930	6,257,638	4,437,608
Total revenue from continuing operations (US\$)	-	-	-	847,345
Loss after income tax (US\$)	(386,987)	(4,599,797)	(3,037,562)	(5,474,516)

Review of operations

During the year, the Company disposed of its interest in CFOAM Corp (refer to 'Significant changes in state of affairs').

The result of the disposal of the main undertaking, which was approved by shareholders, is that the Company is seeking new opportunities for investment and will be required to re comply with Chapters 1 & 2 of the ASX Listing Rules. There is no guarantee that a suitable investment will be found and this represents a material business risk. The Company's shares are currently suspended from the ASX and if no suitable investment can be found then the Company will be delisted. The other material business risks relate to the investments in Innovaero and Carbon where the Company is not involved in the management of these entities. CFOAM is reliant on these entities to grow successfully so it can recoup its investment.

The Company holds a 10.24% equity interest in Innovaero Technologies Pty Ltd (Innovaero), an Australian Aerospace and Defence Technology business. CFOAM further invested A\$1,975,000 in a convertible note. This investment maintained and will increase CFOAM's interest in Innovaero when converted to equity. Innovaero is reviewing its options and may be considering an ASX listing and 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.

The Company also holds a 3.29% equity interest in CarBon Investment Co Pty Ltd (to be renamed CarBon New Energy Pty Ltd (CarBon) with an investment of A\$200,000 in March 2023. CarBon is a national **first to market** Electric Vehicle (EV) only leasing and subscription business, with a strong focus on accelerating the decarbonisation of Australian Commercial Fleets.

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

Significant changes in state of affairs

On 7 July 2022, the Company announced that it has entered into a conditional share sale agreement with a subsidiary of CONSOL Energy Inc (**CONSOL**), pursuant to which CONSOL agreed to purchase, and the Company agreed to sell, 100% of the Company's equity interest in CFOAM CORP for US\$1,000,000, with the effect that CCORP will become a 100% owned subsidiary of CONSOL (**Disposal**).

The conditions precedent to the Disposal include, amongst others, the following:

- (a) the Company obtaining all necessary Shareholder approvals in accordance with the ASX Listing Rules and Corporations Act, including under ASX Listing Rule 11.2 for the Disposal;
- (b) the Company being released from all guarantees given by the Company in relation to any outstanding debt or other contracts or leases of CCORP or CFOAM LLC, including, but not limited to, the guarantee provided by the Company under the Amended and Restated Intercreditor Agreement;
- (c) any existing intercompany loans provided by the Company to CCORP being capitalised and discharged by way of capital contribution to CCORP;
- (d) the parties obtaining all necessary consents required to complete the Disposal;
- (e) the Company providing confirmation to CONSOL that no equity pledges or similar rights exist with respect to the common stock in CCORP owned by the Company; and
- (f) each of the Company's nominee directors on the board of CCORP resigning as directors.

A shareholder meeting was held on 10 August 2022 which approved the transaction and this was settled on 16 August 2022.

Other than this, there have been no significant changes in the state of affairs of the group to the date of this report, not otherwise disclosed in this report.

After balance date events

On 12 May 2021, the Company invested A\$1,000,000 (US\$775,650) in Innovaero via a convertible note and on 16 July 2021, the Company invested a further A\$975,000 (US\$721,793) via a convertible note. The total convertible note investments were A\$1,975,000 (US\$1,497,443). The Company agreed to various extensions of the term of the convertible notes in support of the Innovaero business. A key term was that on maturity Innovaero would redeem the convertible notes and pay an amount equal to 1.25 times of the principal amount invested.

On 19 October 2023, the Company received A\$2,468,750 (US\$1,633,621) in full satisfaction of the convertible note investment on redemption. The Company has retained its equity investment in Innovaero of A\$1,550,000 (US\$1,141,397) which was made on 26 November 2020.

On 17 March 2023, the Company invested A\$200,000 (US\$132,344) for a 3.39% interest in CarBon New Energy Pty Ltd and on 2 November 2023, the Company made a further investment of up to A\$1,500,000 (US\$992,580), increasing its position to a fully diluted 13% interest. The investment is made up of an initial A\$1,000,000 (US\$661,720) and an option to invest a further A\$500,000 (US\$330,860) which was completed on 9 April 2024.

Other than this, there have been no other matters or circumstances, which have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2023, of the Group, or
- (b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 30 June 2023, of the Group.

Likely developments and expected results of operation

The Company will continue to review new business opportunities.

Environmental regulation

The Group's operations up to 30 June 2023 are not regulated by any significant environmental regulation laws.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

During the year, the auditor has performed certain other non-audit services in addition to the audit and review of financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Details of the amounts paid to the auditor, and its network firms for non-audit services provided during the year are set out below:

Non-Audit Services

CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Amounts paid/payable to BDO for tax compliance and advice	US\$3,467
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Information Relating to Directors and Company Secretary

Gary Steinepreis

Chair (Non-executive)

Qualifications and Experience

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He has provided corporate, management and accounting advice to a number of companies involved in the resource, technology and manufacturing industries.

Interest in Shares

53,812,133

Special Responsibilities

Company Secretary and Chair (Non-executive)

Directorships held in other listed entities during the three years prior to the current year

Current

Taruga Minerals Limited since 15 July 2016
Lachlan Star Limited since 18 January 2018

Todd Hoare

Non-executive director

Qualifications and Experience

Mr Hoare holds a Bachelor of Commerce and Bachelor of Science (Mathematics) degree from the University of NSW. He has extensive capital markets experience - including fund raising, valuation and trading - across the globe, including Hong Kong, New York and Sydney.

Interest in Shares

2,875,565

Special Responsibilities

Nil

Chen Chik (Nicholas) Ong

Non-executive director

Qualifications and Experience

Mr Ong brings 19 years' experience in listing rules compliance and corporate governance. He is experienced in mining project finance, mining and milling contract negotiations, mine CAPEX & OPEX management, and toll treatment reconciliation. Mr Ong is a Fellow of the Governance Institute of Australia and Fellow of Institute of Chartered Secretaries and Administrators. He holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia. He has since worked as a company secretary and director to listed companies.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Interest in Shares	-
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	Current Nelson Resources Limited since 20 November 2022 Beroni Group Ltd since 1 March 2021 Former Mie Pay Ltd 15 July 2019 to 30 June 2022 Vonex Limited 14 June 2016 to 17 March 2023 White Cliff Minerals Ltd 14 December 2018 to 11 April 2023 Helios Energy Ltd 4 August 2017 to 30 August 2023

Meetings of Directors

During the financial year, the Board conducted the majority of its formal business via directors' resolutions. A total of 2 meetings of directors (there were no committees of directors) were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
Gary Steinepreis	2	2
Todd Hoare	2	2
Nicholas Ong	2	2

Options and performance rights

At 30 June 2023, the Company had on issue 20,000,000 options exercisable at A\$0.03 on or before 10 December 2023 (now lapsed) and during the period 3,690,690 options exercisable at A\$0.15 on or before 15 August 2022 lapsed. Other than these unlisted options, no person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate. There were 725,000 performance rights which lapsed during the period as the performance conditions were not met.

Remuneration Report (Audited)

The principles adopted by the Board are set out under the following main headings:

- (1) Principles used to determine the nature and amount of remuneration
- (2) Details of remuneration
- (3) Employment contracts of Directors and Senior Executives
- (4) Shared Based Compensation
- (5) Other transactions with Key Management Personnel

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under section 300A of the Corporations Act 2001.

1 Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive

CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage / alignment of executive compensation;
- (iv) transparency; and
- (v) capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' and program participants' interests:

- (i) focuses on sustained growth in shareholder wealth;
- (ii) attracts and retains high calibre executives;
- (iii) rewards capability and experience; and
- (iv) provides a clear structure for earning rewards.

The Company has sold its main undertaking and is reviewing new opportunities for investment. The Company has incurred losses over this period and invested significant capital. The financial report covers 2022 and 2023.

The Company performance is summarised for the 5 years to 30 June 2023 as follows:

	2023	2022	2021	2020	2019
Loss for the year (US\$)	(254,255)	(4,599,797)	(3,037,562)	(5,474,516)	(5,932,385)
Basis loss per share (US\$) from continuing operations,	(\$0.003)	(\$0.001)	(\$0.001)	(\$0.03)	(\$0.05)
Closing share price (A\$)	0.2 cents ¹	0.3 cents	1.6 cents	2.7 cents	15.5 cents

1. This is the last sale price prior to the suspension from trading on 9 January 2023

Remuneration Governance

Fees and payments to directors and key management personnel reflect the demands and responsibilities of the positions and are in line with the general market and the financial condition of the Company. There are no minimum or maximum amounts. There is no remuneration committee. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at A\$300,000 per annum as per the Company's constitution and may be varied by ordinary resolution of the shareholders in general meeting. The entire board which comprises three directors are responsible for remuneration packages. The Directors believe this is satisfactory given the size and complexity of Company operations.

Use of Remuneration Consultants

Remuneration consultants were not used in the establishment of remuneration packages for directors or key management personnel in 2023.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The Company has sold its main undertaking and is looking for new opportunities. This will require the raising of additional capital and or debt as indicated in the financial report. No relationship exists between the Company performance, earnings, shareholder wealth and Directors' and Executive Remuneration for this financial period and the previous financial periods.

The remuneration for the years ended 30 June 2022 and 30 June 2023 is detailed below. The Company has also established a performance rights plan and employee share option plan and intends to utilise this to incentivise management and directors, subject to shareholder approval, if required. Whilst not directly

CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

linked to Company performance, the rights vest on various milestones that are designed to align executive remuneration with shareholder interests. Note 4 in the remuneration report refers to performance related remuneration.

No dividends have been declared or paid during the financial year and there has been no return of capital. The Company's securities are currently suspended from trading on the ASX.

Comments and Voting at Annual General Meeting

At the 2022 Annual General Meeting the Company remuneration report was passed by the requisite majority of shareholders (98.9% by a poll).

2 Details of Remuneration

The key management personnel of the Company, during the year, were:

Directors:	Position:	Date Appointed	Date Resigned
Gary Steinepreis	Chair (Non-executive) / Company Secretary	30 March 2016	-
Todd Hoare	Non-executive director	16 June 2017	-
Nicholas Ong	Non-executive director	24 October 2020	-

The remuneration is detailed below and no bonuses have been paid for the period.

	Short term employment benefits			
	Cash salary and fees US\$	Equity settled US\$	Total US\$	Performance related %
2023				
<i>Non-Executive Directors:</i>				
Gary Steinepreis	-	-	-	-
Todd Hoare	-	566	566	100%
Nicholas Ong	-	-	-	-
	-	566	566	

	Short term employment benefits			
	Cash salary and fees US\$	Equity settled US\$	Total US\$	Performance related %
2022				
<i>Non-Executive Directors:</i>				
Gary Steinepreis	46,433	-	46,433	-
Todd Hoare	46,433	1,447	47,880	3.02%
Nicholas Ong	34,825	-	34,825	-
	127,691	1,447	129,138	

3 Employment Contracts of Directors and Senior Executives

Non-Executive Director Agreements - Todd Hoare, Gary Steinepreis

Fees: Directors fees of US\$46,433 (A\$64,000) per annum from 1 January 2019.

Non-Executive Director Agreement – Nicholas Ong

Fees: Directors fees of US\$34,825 (A\$48,000) per annum from 24 October 2020.

The directors have agreed not to be remunerated or have fees accrued for the year ended 30 June 2023.

Additional Executive Duties: work undertaken on additional executive duties will be paid at a commercial rate based on the project undertaken and work required. This does not form part of the non-executive director

CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

fee.

Terms and conditions: The non-executive Directors' appointments are subject to provisions of the Constitution and the ASX Listing Rules relating to retirement by rotation and re-election of directors and will automatically cease at the end of any meeting at which the directors are not re-elected as a director by Shareholders. The Non-Executive Agreements otherwise contains terms and conditions that are considered standard for agreements of this nature.

4 Shared Based Compensation

Ordinary shareholdings

Details of equity instruments held directly, indirectly, or beneficially by directors and key management personnel and their related parties are as follows:

2023 Name	Held at 1/7/2022	Shares acquired	Other changes	Balance 30/6/2023
Directors:				
Gary Steinepreis	42,838,698	10,973,435	-	53,812,133
Todd Hoare	2,875,565	-	-	2,875,565
Nicholas Ong	-	-	-	-
Total	45,714,263	10,973,435	-	56,687,698

Other securities

Details of equity instruments held directly, indirectly, or beneficially by directors and key management personnel and their related parties are as follows:

Performance rights:

2023 Name	Held at 1/7/2022	Other changes	Performance rights granted	Balance 30/6/2023	Vested & Unexercised	Unvested
Directors:						
Gary Steinepreis	-	-	-	-	-	-
Todd Hoare	150,000	(150,000) ¹	-	-	-	-
Nicholas Ong	-	-	-	-	-	-
Total	150,000	(150,000)	-	-	-	-

1. These performance rights lapsed as the performance condition was not met.

Options:

2023 Name	Held at 1/7/2022	Options acquired	Other changes (1)	Balance 30/6/2023
Directors:				
Gary Steinepreis	500,000	-	(500,000)	-
Todd Hoare	97,500	-	(97,500)	-
Total	597,500	-	(597,500)	-

1. These options lapsed.

5 Other transactions with Key Management Personnel

Oakhurst Enterprises Pty Ltd, an entity associated with Gary Steinepreis, advanced A\$350,000 in February 2022 and A\$250,000 (US\$414,879) in May 2022. The loans were unsecured with an initial term of 60 days, which was extended, at an interest rate of 2.5% per annum and repaid in 18 August 2022 and the interest paid was A\$6,165 (US\$4,363). These loans and interest were repaid during the financial year.

There have been no loans to Key Management Personnel.

**CFOAM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

End of the audited remuneration report.

A copy of the auditor's independence declaration as required by Section 307C of the Corporations Act 2001 is included in this Financial Report.

This report is made in accordance with a resolution of the Directors on 27 May 2024.

A handwritten signature in black ink, appearing to read 'G. Steinepreis', with a stylized, cursive script.

Gary Steinepreis
Director
Perth
27 May 2024

DECLARATION OF INDEPENDENCE BY JACKSON WHEELER TO THE DIRECTORS OF CFOAM LIMITED

As lead auditor of CFOAM Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CFOAM Limited and the entities it controlled during the period.



Jackson Wheeler
Director

BDO Audit (WA) Pty Ltd

Perth

27 May 2024

CFOAM LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	30-June-23 US\$	30-June-22 (a) US\$
Revenue			
Other income		-	49
		-	49
Expenses			
Fair value decrement	5	(381,124)	-
Fair value gain	5	332,381	-
Legal fees		(522)	(3,319)
Accounting and audit fees		(44,743)	(51,706)
Australian securities exchange fees		(15,253)	(31,719)
Other expenses		(18,027)	(16,804)
Foreign exchange loss		(104,851)	(201,083)
Professional services		-	(84,887)
Employee salaries, consulting and benefits expense		(20,195)	(127,686)
Share based payments	11	(566)	(1,447)
Finance costs		(1,355)	(3,012)
		(254,255)	(521,663)
Loss from continuing operations before income tax		(254,255)	(521,613)
Income tax expense	17	-	-
Loss from continuing operations after income tax		(254,255)	(521,613)
Loss from discontinued operations after income tax	22	(132,732)	(4,078,184)
Loss after income tax for the year		(386,987)	(4,599,797)
Other comprehensive loss, net of tax			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		107,254	(46,880)
Total comprehensive loss for the year		(279,733)	(4,646,677)
Total loss for the year is attributable to:			
Owners of CFOAM Limited		(279,733)	(3,600,215)
Non-controlling interest	10	-	(1,046,462)
		(279,733)	(4,646,677)
Loss per share for loss from continuing operations attributable to the owners of CFOAM Limited			
Basic loss per share	21	(\$0.003)	(\$0.001)
Diluted loss per share	21	(\$0.003)	(\$0.001)
Loss per share for loss from discontinued operations attributable to the owners of CFOAM Limited			
Basic loss per share	21	(\$0.002)	(\$0.006)
Diluted loss per share	21	(\$0.002)	(\$0.006)
Loss per share for loss attributable to the owners of CFOAM Limited			
Basic loss per share	21	(\$0.004)	(\$0.006)
Diluted loss per share	21	(\$0.004)	(\$0.006)

(a) Comparative amounts have been restated for comparability to the current year figures due to reclassification of the results of the discontinued operation (refer Note 22)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	30-June-23 US\$	30-June-22 US\$
ASSETS			
Current assets			
Cash and cash equivalents	14(a)	210,610	26,879
Trade and other receivables		437	5,014
Financial assets at fair value through profit or loss	5	1,633,621	1,365,642
		1,844,668	1,397,535
Assets of disposal group classified as held for sale	22	-	5,317,178
Total current assets		1,844,668	6,714,713
Non-current assets			
Financial assets at fair value through profit or loss	5	783,372	1,071,771
Total non-current assets		783,372	1,071,771
TOTAL ASSETS		2,628,040	7,786,484
LIABILITIES			
Current Liabilities			
Trade and other payables	6	21,079	159,851
Borrowings	7	-	414,879
		21,079	574,730
Liabilities directly associated with assets classified as held for sale	22	-	3,993,825
Total current liabilities		21,079	4,568,555
TOTAL LIABILITIES		21,079	4,568,555
NET ASSETS		2,606,961	3,217,930
EQUITY			
Issued capital	8	23,413,750	23,292,226
Non-controlling interests	10	-	331,802
Reserves	9	506,763	1,422,792
Accumulated losses	15	(21,313,552)	(21,828,890)
TOTAL EQUITY		2,606,961	3,217,930

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

Consolidated	Issued capital US\$	Reserves US\$	Accumulated losses US\$	Total US\$	Non- controlling interests US\$	Total equity US\$
Balance at 1 July 2022	23,292,226	1,422,792	(21,828,890)	2,886,128	331,802	3,217,930
Loss after income tax expense for the year	-	-	(386,987)	(386,987)	-	(386,987)
Other comprehensive loss for the year, net of tax	-	107,254	-	107,254	-	107,254
Total comprehensive loss for the year	-	107,254	(386,987)	(279,733)	-	(279,733)
<i>Transactions with owners in their capacity as owners:</i>						
Conversion of performance rights (Refer Note 9)	121,524	(121,524)	-	-	-	-
Transfer from reserves to accumulated losses (Refer Note 15)	-	(158,730)	158,730	-	-	-
Disposal of subsidiary	-	-	-	-	(331,802)	(331,802)
Transfer of non-controlling interests reserves to accumulated losses	-	(743,595)	743,595	-	-	-
Share-based payments (Refer Note 11)	-	566	-	566	-	566
Balance at 30 June 2023	<u>23,413,750</u>	<u>506,763</u>	<u>(21,313,552)</u>	<u>2,606,961</u>	<u>-</u>	<u>2,606,961</u>

Consolidated	Issued capital US\$	Reserves US\$	Accumulated losses US\$	Total US\$	Non- controlling interests US\$	Total equity US\$
Balance at 1 July 2021	21,686,704	2,074,671	(18,275,555)	5,485,820	771,818	6,257,638
Loss after income tax expense for the year	-	-	(3,553,335)	(3,553,335)	(1,046,462)	(4,599,797)
Other comprehensive loss for the year, net of tax	-	(46,880)	-	(46,880)	-	(46,880)
Total comprehensive loss for the year	-	(46,880)	(3,553,335)	(3,600,215)	(1,046,462)	(4,646,677)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity	1,663,290	-	-	1,663,290	-	1,663,290
Costs of contributions of equity	(57,768)	-	-	(57,768)	-	(57,768)
Transactions with non-controlling interests (Refer Note 9)	-	(606,446)	-	(606,446)	606,446	-
Share-based payments	-	1,447	-	1,447	-	1,447
Balance at 30 June 2022	<u>23,292,226</u>	<u>1,422,792</u>	<u>(21,828,890)</u>	<u>2,886,128</u>	<u>331,802</u>	<u>3,217,930</u>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CFOAM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	30-June-23 US\$	30-June-22 US\$
Cash flows from operating activities			
Receipts from customers		57,478	848,252
Payment to suppliers and employees		(460,902)	(2,628,753)
Receipt from government grant-cost recovery		-	350,431
Interest received		-	52
Interest and other finance costs paid		(1,351)	(119,553)
Net cash used in operating activities	14	(404,775)	(1,549,571)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(14,874)
Receipt from government grant-plant and equipment		-	382,345
Proceeds from sale of CFOAM USA interests		1,000,000	-
Investment in CarBon New Energy		(132,344)	
Investment in Innovaero – equity and convertible note	5	-	(721,792)
Net cash provided by/ (used in) investing activities		867,656	(354,321)
Cash flows from financing activities			
Proceeds from the issue of shares		-	1,512,210
Costs of the offer		-	(57,767)
Repayment of borrowings		(414,879)	(904,094)
Proceeds from borrowings		-	414,879
Net cash (used in) / provided by financing activities		(414,879)	965,228
Net increase / (decrease) in cash and cash equivalents		48,002	(938,664)
Cash and cash equivalents at the beginning of the financial year		162,608	1,101,272
Cash and cash equivalents at the end of the financial year	14	210,610	162,608

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of CFOAM Limited and, for the period up to disposal of its 74.34% subsidiary, CFOAM Corp which wholly owns the operating entity, CFOAM, LLC (**Group**) for the year ended 30 June 2023.

The separate financial statements of the parent entity, CFOAM Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 27 May 2024 by the directors of the Company.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

For the year ended 30 June 2023 the Group made a loss of \$386,987 (including loss from discontinued operation of \$132,732) (30 June 2022: loss of \$4,599,797 including loss from discontinued operations) and had cash outflows from operating activities of \$404,775 (30 June 2022: cash outflows from operating activities of \$1,549,571).

The Board believe that the measures it has taken to sell the loss making CFOAM products business for cash and removal of parent company guarantees has enabled the Company to prepare the financial report on a going concern basis. As disclosed in Note 10 the Group completed the sale of CFOAM Corp and received US\$1,000,000 as consideration. Subsequent to 30 June 2023, as disclosed in Note 19, on 19 October 2023, the Company received A\$2,468,750 (US\$1,633,621) in full satisfaction of the convertible note investment on redemption.

The Group has sufficient funding to fund operations over the next 12 months.

Comparative information

This report presents the financial information for the year ended 30 June 2023 and comparative information for the year ended 30 June 2022.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in United States dollars, which is the functional currency of CFOAM, LLC, from 1 July 2016.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

a) *Principles of Consolidation*

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

b) *Discontinued operations and non-current assets or disposal groups classified as held for sale*

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

c) *New, revised or amending Accounting Standards and Interpretations adopted*

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

d) *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

e) *Trade and other payables*

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the Group that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

f) Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. A probability of the achievement of performance conditions is assigned and the share based payment expense is recognised over the estimated vesting period. The accounting estimates and assumptions relating to equity-settled share based payments may impact profit or loss and equity.

g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of costs incurred per manufacturing run and resulting CFOAM panels produced and then assessed against the lower of cost and net realisable value where adjustments in the value of the inventory are made on a monthly basis.

h) Revenue and other income

Revenue is recognised when or as the Group transfers control of goods and services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

The primary geographic market in which the Group generated revenue until the disposal of its subsidiary is the United States of America.

Sale of goods – Revenue from the sale of goods is recognised at a point in time where the goods are delivered, the legal title has passed and the customer has accepted the goods, which is generally the time of delivery. In the instance where cash is received from the customer prior to control of the goods being transferred, a deferred revenue balance is recognised as a liability on the balance sheet until the point at which control has passed and the revenue can be recognised. All revenue is stated net of the amount of sales tax.

i) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit and Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

j) Property, plant and equipment

The Company records Assets under Construction and the depreciation of these items commences when the asset is commissioned.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office equipment	1-5 years
Plant and equipment	10-15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

k) Borrowings and Borrowing Costs

Loans and borrowings, including promissory notes, are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Other borrowing costs are expensed in the period in which they are incurred.

l) Financial Instruments

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

m) Issued Capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

n) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

o) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

q) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

r) Foreign Currency Translation

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position are translated at the closing rate at the date of the statement of financial position;
- (ii) Income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at the average exchange rate for the period being reported on; and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in the foreign currency translation reserve, if material. When a foreign operation is sold, the associated exchange differences are reclassified to the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale.

s) Trade & other receivables

Trade and other receivables are recognised at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9 to determine any allowances for expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience. The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that the amounts will be received when due.

t) Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

u) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of CFOAM Limited.

v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of CFOAM Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential

CFOAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2023

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Discontinued operations of CFOAM Corp and CFOAM LLC at the reporting date

The Group settled the sale of its 74.34% interest in CFOAM Corp subsidiary on 17 August 2022.

As a result of the sale, CFOAM Corp and CFOAM LLC has been deconsolidated from the Group and accounted as discontinued operations.

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale. CFOAM has exercised judgement in determining that the business presented in Note 22 meets the criteria as Discontinued Operations.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the profit or loss of the discontinued operation along with the gain or loss of the re-measurement to fair value less costs.

Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit and Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Inventory

The Group has allowed for an inventory reserve which represents an estimate of re-work costs to existing work-in-progress billet units and a general write-down. A percentage of completion method was used to value Work in Progress inventory. As in the past, a total cost per unit is calculated. This cost is then applied to the inventory on a percentage of completion basis. Depending on the manufacturing state that the material is in, it is supplied a percentage of completion. The calculated cost is then applied to the inventory using its percentage of completion, thus properly valuing the inventory as it progresses through the manufacturing process.

Fair value of financial assets

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

CFOAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Quoted prices or rates are used to determine the fair value where an active market exists. If the market for a financial instrument is not active or the instrument is unlisted, then fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date, including recent capital raisings.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs such as timing and amounts of future cash flows, discount rates, credit risk, volatility and correlation.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

In conjunction with AASB 8 Operating Segments, the Company has identified its operating segment based on internal reports that are reviewed and used by the Chief Operating Decision Maker (CODM) in assessing performance and in determining the allocation of resources.

Consistent with the assessment in the annual accounts ended 30 June 2022, the group has identified two reporting segments, being CFOAM Ltd and CFOAM Corp. In the current reporting period, the Company completed the sale of CFOAM Corp (Refer to Note 22 for details regarding discontinued operations) and the resultant closure of its USA Operations.

Geographical information

All sales and non-current assets are based in CFOAM Corp, in USA.

Revenue Recognition:

Disaggregation of Revenue.

All revenue recognised during the period was recognised at a point in time for the sale of products. All revenue recorded related to sales in CFOAM Corp, in USA.

Refer to Note 22 for details regarding discontinued operation which represents the CFOAM Corp segment.

NOTE 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 26 November 2020, the Company made a strategic investment of US\$1,141,397 (A\$1,550,000) in Innovaero Technologies Pty Ltd (Innovaero), an Australian Aerospace and Defence Technology business. At 30 June 2023 the Company held an equity interest of 10.24% in Innovaero.

On 12 May 2021, the Company invested US\$775,650 (A\$1,000,000) in Innovaero via a convertible note as part of Innovaero's capital raising strategy. This investment will maintain and increase CFOAM's interest in Innovaero when converted to equity.

On 16 July 2021, the Company invested a further US\$721,793 (A\$975,000) via a convertible note.

On 17 March 2023, the Company invested US\$132,344 (A\$200,000) for a 3.29% interest in CarBon New Energy Pty Ltd (CarBon New Energy). CarBon New Energy is a national first to market Electric Vehicle (EV) only leasing and subscription business.

Financial assets measured at FVPL including the following:

	Consolidated	
	30 June 2023	30 June 2022
	US\$	US\$
Convertible note in Innovaero		
Current assets		
Balance at 1 July	1,365,732	775,650
Acquisition-Convertible note in Innovaero	-	721,793
Foreign exchange movements	(64,492)	(131,801)
Fair value movement	332,381	-

CFOAM LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Closing balance at 30 June

1,633,621	1,365,642
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Note: Subsequent to the end of the financial year in October 2023, the Company received A\$2,465,750 (US\$1,633,621) in full satisfaction of the convertible notes investment on redemption (refer below).

Equity Investments**Consolidated**

30 June 2023	30 June 2022
US\$	US\$

Non-current assets

Balance at 1 July	1,071,771	1,141,397
Acquisition-investment in CarBon New Energy	132,344	-
Acquisition-Investment in Innovaero	-	-
Foreign exchange movements	(39,619)	(69,626)
Fair value movement	(381,124)	-
Closing balance at 30 June	783,372	1,071,771

Innovaero:**Convertible note:****Key terms and conditions:**

On 12 May 2021, the Company invested US\$775,650 (A\$1,000,000) in Innovaero via a convertible note as part of Innovaero's capital raising strategy. On 16 July 2021, the Company invested a further US\$721,793 (A\$975,000) via a convertible note.

Conversion:

The convertible notes shall convert automatically on the date which is the earlier of:

- Innovaero obtaining a conditional listing letter from the ASX for an initial public offering on terms acceptable to the Issuer (acting reasonably); or
- completion of a "back door listing" whereby Innovaero or the Innovaero's undertaking is acquired by an existing listed entity that obtains a conditional listing letter from the ASX on terms acceptable to Innovaero (acting reasonably).

Redemption on maturity

On the maturity of a Convertible Note the Issuer must redeem the Note and pay an amount equal to 1.25 times the Principal Amount in respect of the Note to the Noteholder.

Fair value of the convertible note:

The Directors have taken the approach to fair value the convertible note based on the Note's redemption value being an amount equal to 1.25 times the Principal Amount. As at 30 June 2023, the conversion events had not occurred and the maturity date was reached, requiring the noteholder to repay the full redemption amounts and as such this is the deemed fair value of the Notes at 30 June 2023. Subsequent to year end, where the transaction occurred in August 2023 and settled in October 2023, Innovaero restructured its business and obtained a third party investment which allowed for the repayment of the convertible note investment held by the Company, being an amount equal to 1.25 times the Principal Amount.

Investment:

At 30 June 2023, the Company held an equity interest of 10.24% in Innovaero which is consistent with the prior period ending 30 June 2022. As the Directors were unable to access the financial information of the investee at reporting date, the Directors have taken the approach to fair value the investment based on recent transaction which occurred in August 2023 and settled in October 2023, whereby Innovaero restructured its business and obtained a third party investment. The Company used the valuation of the convertible note transaction as noted above to imply a fair value of the investment and recorded a diminution of fair value of the balance as an adjustment via the profit and loss.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

CarBon New Energy:

At 30 June 2023, the company held an equity interest of 3.29% stake in Carbon Investment Co Pty Ltd. The Directors have taken the approach to fair value these financial assets based on recent share raisings.

As at 30 June 2023, the fair value of the Company's financial assets were assessed in accordance with AASB 9 Financial Instruments, and as a result there was a fair value change recognised in this financial period.

i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.
- convertible notes for which the entity has not elected to recognize fair value gains and losses through OCI.

Risk exposure and fair value measurements

Information about the group's exposure to price risk is provided in note 16. For information about the methods and assumptions used in determining fair value refer to note 16.

NOTE 6. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	30 June 2023	30 June 2022
	US\$	US\$
Trade creditors	1,227	61,792
Accruals	19,852	98,059
	<u>21,079</u>	<u>159,851</u>

NOTE 7. CURRENT LIABILITIES – BORROWINGS

	Consolidated	
	30 June 2023	30 June 2022
	US\$	US\$
Loan from related party – unsecured	-	414,879
	<u>-</u>	<u>414,879</u>

Note: The loan was repaid in the financial year (refer note 13).

NOTE 8. ISSUED CAPITAL

	Consolidated			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Shares	Shares	US\$	US\$
Ordinary shares - fully paid (US\$)	734,340,634	733,840,634	23,413,750	23,292,226
<i>Movements in ordinary share capital:</i>				
Details	Date	Shares	Issue price	US\$
Opening Balance	1 July 2021	593,840,634		21,686,704
		140,000,000	US\$0.012	1,663,290

CFOAM LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Issue of shares-placement	15 July 2021			
Cost of the contribution of capital				(57,768)
Closing balance	30 June 2022	<u>733,840,634</u>		<u>23,292,226</u>
Opening Balance	1 July 2022	733,840,634		23,292,226
Issue of shares - conversion of performance rights	31 March 2023	500,000	US\$0.243	121,524
Closing Balance	30 June 2023	<u>734,340,634</u>		<u>23,413,750</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The Company also has on issue 20,000,000 options exercisable at A\$0.03 on or before 10 December 2023 and during the period 3,690,690 options exercisable at A\$0.15 on or before 15 August 2022 expired. During the period, 725,000 performance rights lapsed. There are currently no performance rights on issue.

NOTE 9. RESERVES

	Consolidated	
	30 June 2023	30 June 2022
	US\$	US\$
Equity reserve – non-controlling interests	-	1,350,041
Share based payment reserve – performance rights and options	257,448	537,136
Other reserve – non controlling interests	-	(606,446)
Foreign currency reserve	249,315	142,061
	<u>506,763</u>	<u>1,422,792</u>

Movements in reserves

	Consolidated	
	30 June 2023	30 June 2022
	US\$	US\$
Equity reserve – non controlling interests		
Balance at beginning of period as at 1 July 2022	1,350,041	1,350,041
Transfer from other reserve – non controlling interests	(606,446)	-
Transfer to accumulated losses (Refer Note 15)	(743,595)	-
Balance at the end of the period as at 30 June 2023	<u>-</u>	<u>1,350,041</u>
Share based payment reserve – performance rights and options		
Balance at beginning of period as at 1 July 2022	537,136	535,689
Transfer to issued capital on conversion of performance rights (Refer Note 8)	(121,524)	-
Transfer to accumulated losses (Refer Note 15)	(158,730)	-
Expense for the period	566	1,447
Balance at the end of the period as at 30 June 2023	<u>257,448</u>	<u>537,136</u>

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	Consolidated	
	30 June 2023	30 June 2022
	US\$	US\$
Foreign currency reserve		
Balance at beginning of period as at 1 July 2022	142,061	188,941
Movement for the period	107,254	(46,880)
Balance at the end of the period as at 30 June 2023	<u>249,315</u>	<u>142,061</u>
Other reserve – non controlling interests	US\$	US\$
Balance at beginning of period as at 1 July 2022	(606,446)	-
Movement for the period	-	(606,446) ⁱ
Transfer from other reserve – non controlling interests	606,446	-
Balance at the end of the period as at 30 June 2023	<u>-</u>	<u>(606,446)</u>

⁽ⁱ⁾These represents CFOAM's capital contribution being the conversion of loans to equity in CFOAM Corp with no change in ownership percentage.

Nature and Purpose of Reserves

(1) Equity reserve – non-controlling interests

The equity reserve represents a change in ownership interest, being the difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid.

(2) Share based payment reserve –performance rights and options

The share based payment reserve is used to recognise the fair value of performance rights issued to employees but not converted into ordinary shares and for options issued under the capital raising mandate. The reserve is recognised in contributed equity when and if the relevant milestone is attained within the specified period and as a result the performance rights concerned convert to ordinary shares or when the options are exercised.

(3) Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to United States dollars.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. NON-CONTROLLING INTERESTS

On 7 July 2022, the Company announced that it has entered into a conditional share sale agreement with a subsidiary of CONSOL Energy Inc (**CONSOL**), pursuant to which CONSOL agreed to purchase, and the Company agreed to sell, 100% of the Company's equity interest in CFOAM CORP for US\$1,000,000, with the effect that CCORP will become a 100% owned subsidiary of CONSOL (**Disposal**).

The conditions precedent to the Disposal include, amongst others, the following:

- (a) the Company obtaining all necessary Shareholder approvals in accordance with the ASX Listing Rules and Corporations Act, including under ASX Listing Rule 11.2 for the Disposal;
- (b) the Company being released from all guarantees given by the Company in relation to any outstanding debt or other contracts or leases of CCORP or CFOAM LLC, including, but not limited to, the guarantee provided by the Company under the Amended and Restated Intercreditor Agreement;
- (c) any existing intercompany loans provided by the Company to CCORP being capitalised and discharged by way of capital contribution to CCORP;
- (d) the parties obtaining all necessary consents required to complete the Disposal;
- (e) the Company providing confirmation to CONSOL that no equity pledges or similar rights exist with respect to the common stock in CCORP owned by the Company; and
- (f) each of the Company's nominee directors on the board of CCORP resigning as directors.

A shareholder meeting was held on 10 August 2022 which approved the transaction and this was settled on 16 August 2022.

As a result, the balance of the equity reserve was transferred to accumulated losses.

Summarised balance sheet of CFOAM Corp and CFOAM LLC:

	30 June 2023	30 June 2022
	US\$	US\$
Current assets	-	1,143,387
Current liabilities	-	(3,150,026)
Current net assets	-	(2,006,639)
Non-current assets	-	4,173,791
Non-current liabilities	-	(843,799)
Non-current net assets	-	3,351,810
Net assets	-	1,323,353

Summarised statement of comprehensive income of CFOAM Corp and CFOAM LLC:

	30 June 2023	30 June 2022
	\$	US\$
Revenue from operations	57,478	825,851
Loss for the period	(184,694)	(4,078,184)
Other comprehensive loss	-	-
al comprehensive loss	(184,694)	(4,078,184)
Loss allocated to non-controlling interest	-	(1,046,462)

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. SHARE BASED PAYMENTS

In the prior years, the Company had issued various performance rights and options to directors, consultants and staff. The performance rights and options are a performance-based remuneration incentive which provides the opportunity for the participant to become a shareholder in the Company and deliver long-term shareholder returns.

In the financial year ended 30 June 2023, the opening balance of performance rights was 1,225,000 and during the period 500,000 performance rights classes E, F and G were converted as the milestone had been achieved and the balance of 725,000 performance rights expired or were cancelled as the holders were no longer employees of the group and the milestone had not been met.

At 30 June 2023, no performance rights were on issue.

2023	Milestone	Number	Amount expensed US\$	Total fair value US\$	Share price at grant date US\$
Performance rights					
Approved by shareholders					
Performance Rights	A,B	150,000	566	-	-
Performance Rights lapsed	A,B	(150,000)	-	-	-
Balance at 30 June 2023		-	566	-	
2022	Milestone	Number	Amount expensed US\$	Total fair value US\$	Share price at grant date US\$
Performance rights					
Employee Incentive plan	-	200,000	-	42,452	0.117
Employee Incentive plan	-	375,000	-	15,236	0.038
Approved by shareholders					
Performance Rights	A	75,000	1,196	5,986	0.257
Performance Rights	B	75,000	251	1,252	0.257
Performance Rights	E	166,666	-	40,508	0.257
Performance Rights	F	166,667	-	40,508	0.257
Performance Rights	G	166,667	-	40,508	0.257
Balance at 30 June 2022		1,225,000	1,447	186,450	

Issued during the period

There were no performance rights or options issued during the year.

NOTE 12: CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2023 (2022: nil).

NOTE 13. RELATED PARTY TRANSACTIONS

Oakhurst Enterprises Pty Ltd, an entity associated with Gary Steinepreis, advanced A\$350,000 in February 2022 and A\$250,000 in May 2022 (totalling US\$414,879). The loans were unsecured with an initial term of 60 days, which was extended, at an interest rate of 2.5% per annum with interest of A\$6,165 (US\$4,363). These loans and interest were repaid during the financial year.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

Services provided by directors and key management personnel and recognised as an expense	Consolidated	
	30 June 2023	30 June 2022
	US\$	US\$
Short term employee benefits	-	127,691
Post-employment benefits	-	-
Share based payments	566	1,447
	566	129,138

Detailed remuneration disclosures with regard to the amounts paid to directors are provided in the audited remuneration report in the directors' report.

NOTE 14. CASH AND CASH EQUIVALENTS

(a) Reconciliation to cash at the end of the period

	Consolidated	
	30 June 2023	30 June 2022
	US\$	US\$
Cash at bank and in hand	<u>210,610</u>	<u>26,879</u>

Reconciliation to cash and cash equivalents at the end of the financial year:

The above figures are reconciled to cash and cash equivalents at the end of the previous financial year (nil for 30 June 2023) as shown in the statement of cash flows as follows:

	30 June 2022
	US\$
Balance as above	26,879
Cash and cash equivalents - classified as held for sale	<u>135,729</u>
Balance as per statement of cash flows	<u>162,608</u>

(b) Reconciliation of net loss after income tax to net cash flows used in operating activities

	Consolidated	
	30 June 2023	30 June 2022
	US\$	US\$
Net loss after income tax	(386,987)	(4,599,797)
Depreciation and amortisation	-	961,251
Deconsolidation of CFOAM USA business	(39,327)	-
Right to use assets - amortisation	-	28,316
Loan forgiven	-	(333,800)
Share based payments	566	1,447
Non-cash revenue – settlement of Touchtone loan	-	194,062
Impairment expense	-	1,802,280
Fair value adjustment	47,913	-
Foreign exchange loss/ (gain)	107,254	7,021
Changes in assets and liabilities:		
(Increase) Decrease in inventory	-	2,390
Increase (Decrease) in prepayments and other receivables	4,578	(71,140)
Increase (Decrease) in trade and other payables	(138,772)	458,399
Net cash flows used in operating activities	<u>(404,775)</u>	<u>(1,549,571)</u>

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. ACCUMULATED LOSSES

	Consolidated	
	30 June 2023	30 June 2022
	US\$	US\$
Balance at beginning of period	21,828,890	18,275,555
Transfer of non-controlling interest reserves ¹	(743,595)	-
Transfer from reserves ²	(158,730)	-
Loss after income tax expense for the year	386,987	3,553,335
Balance at the end of the year	<u>21,313,552</u>	<u>21,828,890</u>

¹As a result of disposal of subsidiary in the financial year, these reserves have been transferred to accumulated losses

²These amounts have been transferred from share based payment reserves to accumulated losses as these relates to performance rights which have expired or lapsed in the year.

NOTE 16: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable and promissory notes. The Group's activities expose it to a variety of financial risks; market risk (including fair value and interest rate risk), credit risk, liquidity risk, foreign exchange fluctuations, cash flow and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the board of directors under policies approved by the Board. The board identifies and evaluates financial risks for overall risk management.

Interest Rate Risk

As the Group has no significant interest bearing assets other than cash at bank, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The risk arises due to changes in interest rates offered by the bank. The risk is managed by seeking alternative quotes from competing banks.

2023	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments	US\$	US\$	US\$	US\$	%
<i>Financial assets</i>					
Cash assets	210,610	-	-	210,610	-
Financial assets at fair value through profit or loss			2,416,993	2,416,993	
Trade and other receivables		-	437	437	
Total financial assets	<u>210,610</u>	<u>-</u>	<u>2,417,430</u>	<u>2,628,040</u>	
<i>Financial liabilities</i>					
Loans - current	-	-	-	-	
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2022	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments	US\$	US\$	US\$	US\$	%
<i>Financial assets</i>					
Cash assets	26,879	-	-	26,879	-
Financial assets at fair value through profit or loss	-	-	2,437,414	2,437,414	-
Trade and other receivables	-	-	5,014	5,014	-
Total financial assets	26,879	-	2,442,428	2,469,307	
<i>Financial liabilities</i>					
Loans - current	-	414,879	-	414,879	2.5%
Total financial liabilities	-	414,879	-	414,879	

The net fair value of financial assets and liabilities are materially in line with their carrying values. The assets pledged as security support the fair value.

Sensitivity Analysis – Interest Rate Risk

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group has issued promissory notes as part of the Asset Purchase Agreement and obtained new loans to fund its expansion and its risk with regard to liquidity relates to its ability to maintain its current operations prior to the generation of future income streams and growth strategies to ensure it meets its commitments. The Group's ability to raise equity funding in the market is paramount in this regard. The Group manages liquidity by monitoring its budgeted commitments for at least 12 months and raising capital and/or debt as required to fund its business platform.

As at 30 June 2023	Less than 6 months US\$	6-12 months US\$	1-5 years US\$	Over 5 years US\$	Total contractual US\$	Carrying amount US\$
Trade and other payables	21,079	-	-	-	21,079	21,079
Borrowings	-	-	-	-	-	-

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2022	Less than 6 months US\$	6-12 months US\$	1-5 years US\$	Over 5 years US\$	Total contractual US\$	Carrying amount US\$
Trade and other payables	159,851	-	-	-	159,851	159,851
Borrowings	417,749	-	-	-	417,749	414,879

Credit Risk

Credit risk is the risk of financial loss to the Group should a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group limits its exposure to credit risk from trade receivables through regular review and the balance at balance date was US\$- (2022-US\$5,014). At the reporting date, the Group has no significant concentrations of credit risk. The convertible note receivable from Innovaero was repaid after the end of the financial year (Refer Note 5).

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Cash at bank	2023 US\$	2022 US\$
Westpac Banking Corporation - AA	210,610	26,879
	<u>210,610</u>	<u>26,879</u>

Foreign Currency Risk

The group's operations are in US\$. The group has no material exposure to foreign currency risk at the end of the financial period.

Fair Value Measurement

(a) Net fair value

The carrying value and net fair values of financial assets and liabilities at balance date are:

Consolidated	2023	
	Carrying Amount US\$	Net fair Value US\$
Financial assets		
Cash and cash equivalents	210,610	210,610
Financial assets at fair value through profit or loss	2,416,993	2,416,993
Trade and other receivables - current	437	437
	<u>2,628,040</u>	<u>2,628,040</u>
Financial Liabilities		
Trade and other payables - current	21,079	21,079
	<u>21,079</u>	<u>21,079</u>

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Consolidated	2022	
	Carrying Amount US\$	Net fair Value US\$
Financial assets		
Cash and cash equivalents	26,879	26,879
Financial assets at fair value through profit or loss	2,437,414	2,437,414
Trade and other receivables - current	5,014	5,014
	<u>2,469,307</u>	<u>2,469,307</u>
Financial Liabilities		
Trade and other payables - current	159,851	159,851
Borrowings - current	414,879	414,879
	<u>574,730</u>	<u>574,730</u>

(b) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- i) Quoted prices in active markets for identical assets or liabilities (level 1)
- ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (level 2); and
- iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2023.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
30 June 2023				
Investment in CarBon New Energy	-	-	132,344	132,344
Convertible note in Innovaero	-	-	1,633,621	1,633,621
Investment in Innovaero	-	-	651,028	651,028
Total Financial assets at FVPL	-	-	2,416,993	2,416,993
30 June 2022				
Convertible note in Innovaero	-	-	1,365,643	1,365,643
Investment in Innovaero	-	-	1,071,771	1,071,771
Total Financial assets at FVPL	-	-	2,437,414	2,437,414

The fair value of the Level 3 financial assets in Innovaero have been based on a recent transaction whereby Innovaero Technologies Pty Ltd restructured its business and obtained a third party investment which allowed for the repayment of the convertible note investment held by the Company.

The fair value of the level 3 financial assets in CarBon New Energy has been based on recent share raising prices during the financial year.

The directors consider this to reflect the investments and convertible note fair value at reporting date. Refer to Note 5 for additional details on the financial assets at FVPL.

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: INCOME TAX EXPENSE		2023	2022
		US\$	US\$
a.	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax	-	-
		<u>-</u>	<u>-</u>
b.	The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to income tax as follows:		
	Prima facie tax benefit on loss from ordinary activities before income tax at 30%	76,276	156,484
	Add tax effect of:		
	- Revenue losses not recognised	-	-
	- Other non-allowable items	-	-
		<u>76,276</u>	<u>156,484</u>
	Less tax effect of:		
	- Other deferred tax balances not recognised	(76,376)	(156,484)
	Income tax	<u>-</u>	<u>-</u>
c.	Unrecognised deferred tax assets:		
	Carry forward revenue losses	2,101,605	1,892,876
	Carry forward capital losses	-	-
	Net deferred tax assets	<u>2,101,605</u>	<u>1,892,876</u>

The tax benefits of the above deferred tax assets will only be obtained if:

- the company derives future assessable income of a nature and amount sufficient to enable the benefits to be utilised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation which adversely affect utilising benefits.

NOTE 18: REMUNERATION OF AUDITORS

Assurance Services	2023	2022
<i>Audit Services</i>	US\$	US\$
Amounts paid/payable to BDO Audit (WA) Pty Ltd for audit and review of the financial reports	<u>41,096</u>	<u>47,596</u>
<i>Non-Audit Services</i>		
Amounts paid/payable to BDO for tax compliance and advice	<u>3,647</u>	<u>4,110</u>

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

On 12 May 2021, the Company invested A\$1,000,000 (US\$775,650) in Innovaero via a convertible note and on 16 July 2021, the Company invested a further A\$975,000 (US\$721,793) via a convertible note. The total convertible note investments were A\$1,975,000 (US\$1,497,443). The Company agreed to various extensions of the term of the convertible notes in support of the Innovaero business. A key term was that on maturity Innovaero would redeem the convertible notes and pay an amount equal to 1.25 times of the principal amount invested.

On 19 October 2023, the Company received A\$2,468,750 (US\$1,633,621) in full satisfaction of the convertible note investment on redemption. The Company has retained its equity investment in Innovaero of A\$1,550,000 (US\$1,141,397) which was made on 26 November 2020.

CFOAM LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

On 17 March 2023, the Company invested A\$200,000 (US\$132,344) for a 3.39% interest in CarBon New Energy Pty Ltd and on 2 November 2023, the Company made a further investment of up to A\$1,500,000 (US\$992,580), increasing its position to a fully diluted 13% interest. The investment is made up of an initial A\$1,000,000 (US\$661,720) and an option to invest a further A\$500,000 (US\$330,860) which was completed on 9 April 2024.

Other than this, there have been no other matters or circumstances, which have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2023, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2023, of the Group.

NOTE 20: COMPANY DETAILS

The registered office and principal place of business of the Company is:

Level 1

33 Ord Street

West Perth Western Australia 6005

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

NOTE 21: LOSS PER SHARE

	2023	2022
	US\$	US\$
Loss used to calculate basic EPS from continuing operations	(254,255)	(521,613)
Loss used to calculate basic EPS from discontinued operations	(132,732)	(4,078,184)
Weighted average number of ordinary shares outstanding during the year	733,965,292	728,087,209

There are currently no dilutive securities on issue which effect the calculations and therefore the weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS are the same.

NOTE 22: DISCONTINUED OPERATIONS

On 16 August 2022, CFOAM Limited settled the sale of its 74.34% interest in CFOAM Corp for consideration of US\$1,000,000 to a subsidiary of CONSOL Energy Inc. The on-going funding requirements and distance from operations made it difficult to manage this business and shareholders approved the disposal on 10 August 2022. The results show the performance of the subsidiary operations for the period to settlement and effect of the deconsolidation and sale of the business.

Under AASB 5, a discontinued operation is 'A component of an entity that has either been disposed of, or is classified as held-for-sale and represents a separate major line of business'. The CFOAM Corp interest has been historically been disclosed as a reportable segment due to its significance and discrete financial information has been available.

Details of the disposal:	30 June 2023
	US\$
Consideration received	
US\$1,000,000 cash received for CFOAM Limited 74.34% interest	1,000,000
Non-controlling interest	345,171
Carrying value of net assets disposed	(1,293,209)
Gain on disposal of subsidiary	51,962
Loss from discontinued operations	(184,694)
Total loss from discontinued operations after tax	(132,732)

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Financial performance information

	30-June-23	30-June-22
	US\$	US\$
Revenue		
Revenue from discontinued operations	57,478	825,851
Loan forgiveness	-	335,098
Department of Energy-grant cost recovery	-	354,599
Other income	-	49,025
	57,478	1,564,573
Expenses		
Impairment loss	-	(1,802,280)
Raw materials and consumables used	(23,570)	(429,731)
Loan succession fee	(4,000)	(48,000)
Accounting and audit fees	-	(3,750)
Travel and associated costs	-	(5,852)
Premises lease	(15,319)	(121,375)
Supplies	(13,129)	(131,717)
Other expenses	(1,311)	(1,019,383)
Repairs and maintenance	(22,335)	(185,513)
Professional services	-	(149,601)
Employee salaries, consulting and benefits expense	(81,804)	(678,178)
Depreciation and amortisation expense	(72,691)	(950,836)
Finance costs	(8,013)	(116,541)
	(242,172)	(5,642,757)
Loss from discontinuing operations before income tax	(184,694)	(4,078,184)
Gain on deconsolidation and sale of business	51,962	-
Income tax expense	-	-
Loss from discontinuing operations after income tax	(132,732)	(4,078,184)
Carrying amount of assets and liabilities classified as held for sale:		
Current assets-assets of disposal groups classified as held for sale		
Cash and cash equivalents	24,254	135,729
Trade and other receivables	180,553	176,597
Inventories	850,388	831,061
Property, plant and equipment	4,148,073	4,103,769
Right of use assets	-	70,022
Intangibles	-	-
Total current assets of disposal groups classified as held for sale	5,203,268	5,317,178
Current liabilities-liabilities directly associated with assets classified as held for sale		
Trade and other payables	214,961	299,008
Lease liability	91,566	33,144
Borrowings	3,603,532	3,661,673
Total current liabilities directly associated with assets classified as held for sale	3,910,059	3,993,825
Net position of disposal group	1,293,209	1,323,353

CFOAM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Financial performance information

	30-June-23	30-June-22
	US\$	US\$
Cash flow information		
Net cash used in operating activities		
Receipts from customers	57,478	848,252
Payments to suppliers and employees	(57,478)	(1,809,350)
	-	(1,724,498)
Net cash used in investing activities	-	702,731
Net cash provided by financing activities	-	(904,094)
Net decrease in cash from discontinued operations	-	(1,925,861)

CFOAM LIMITED
DIRECTORS DECLARATION

In accordance with a resolution of the directors of CFOAM Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 11 to 38, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the consolidated group; and
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Board acting in the capacity of the Chief Executive Officer and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Directors on 27 May 2024 and is signed on behalf of the Directors by:



Gary Steinepreis
Director
Perth
27 May 2024

INDEPENDENT AUDITOR'S REPORT

To the members of CFOAM Limited

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of CFOAM Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for qualified opinion

As disclosed in Note 5 to the financial report, CFOAM Limited holds an equity interest of 10.24% in Innovaero Technologies Pty Ltd ("Innovaero"). Management have determined the fair value of this investment at 30 June 2023 based on a transaction which settled in October 2023. Due to the period of time between the date of this transaction and the reporting date and the Company being unable to access sufficient information from Innovaero to allow for a fair value assessment to be completed as at 30 June 2023, we were unable to obtain sufficient appropriate evidence to support the fair value of the investment at reporting date. Consequently, we were unable to determine whether any adjustment to carrying value of the equity investment is necessary. Our audit opinion for the year ended 30 June 2022 was also modified in respect of the same matter.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for qualified opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Discontinued Operations - CFOAM Corp

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
As disclosed in Note 22, CFOAM limited settled the sale of its 74.34% interest in CFOAM Corp to CONSOL Energy Inc. The sale of this business has been disclosed as a discontinued operation in the Statement of Profit or Loss and Other Comprehensive Income. This has been assessed as a key audit matter due to the significance of the transaction to the financial statements.	Our procedures included, but were not limited to the following: • Reviewing key executed transaction documents to understand the key terms and conditions of the transaction; • Agreeing the carrying value of the assets and liabilities disposed of to supporting documentation; • Agreeing the consideration received for the sale of CFOAM Corp to bank statements; • Evaluating the reasonableness of the CFOAM Corp business being determined as a discontinued operation under the requirements of the in AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> (AASB 5”); • Reviewing the revenue, expenses and loss of discontinued operation during the year and determined whether items are classified in accordance with AASB 5; • Reviewing the calculation of the gain on disposal of subsidiary; and • Assessing the adequacy of the related disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of CFOAM Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'JW', is written over a horizontal line. Above the signature, the letters 'BDO' are handwritten in a cursive style.

Jackson Wheeler

Director

Perth, 27 May 2024

The shareholder information set out below was applicable as at 23 May 2024.

1 Distribution of Equity Securities

Analysis of numbers of security holders by size of holding:

			Number
1	-	1,000	53
1,001	-	5,000	83
5,001	-	10,000	74
10,001	-	100,000	625
100,001	-	and over	585
			1,420

There were 1,063 holders of less than a marketable parcel of ordinary shares.

2 Restricted Securities

There are no Restricted Securities.

3 Substantial Holders

Substantial holders of equity securities, ordinary shares, in the Company and advised to the Company are set out below:

Ordinary Shares (Holders with 5% or more)

Name	Number held	Percentage of issued shares
Oakhurst Enterprises Pty Ltd, LeisureWest Consulting Pty Ltd <LeisureWest A/C>	53,812,133	7.33%

4 Voting Rights

The voting rights attaching to each class of equity security is set out below:

Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

5 On-Market Buy-Back

There is no current on-market buy-back.

6 Equity Security Holders

The names of the twenty largest holders of ordinary shares are listed below:

Rank	Name	Units	% Units
1	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	36,388,641	4.96
2	OAKHURST ENTERPRISES PTY LTD	35,372,032	4.82
3	CHARLEY SUPER PTY LTD <CHARLEY SUPERFUND A/C>	30,600,000	4.17
4	PURE NOBLE PTY LTD <PURE NOBLE SUPER FUND A/C>	25,000,000	3.40
5	MS CHUNYAN NIU	24,000,000	3.27
6	MR ADAM NORMAN CHARLEY	22,000,000	3.00
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,900,304	2.57
8	CITICORP NOMINEES PTY LIMITED	17,710,651	2.41
9	10 BOLIVIANOS PTY LTD	16,291,806	2.22
10	MS CHRISTINE RICHARDSON	15,028,444	2.05
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	12,804,421	1.74
12	MR SURYA PRASAD SUBEDI	12,600,000	1.72
13	PAMPLONA OPPORTUNITIES LIMITED	12,250,000	1.67
14	MR MICHAEL FRANK PLACHA	12,000,000	1.63
15	OAKHURST ENTERPRISES PTY LTD	10,973,435	1.49
16	MR SEBASTIAN MARR	8,250,000	1.12
17	LEISUREWEST CONSULTING PTY LTD <LEISUREWEST A/C>	7,466,666	1.02
18	MRS MILKA KARAMARKOVIC	7,000,000	0.95
19	MR KENNEDY NYAKUNDI MOGAKA	5,961,083	0.81
20	ALITON PTY LTD <BELL FAMILY SUPER FUND A/C>	5,500,000	0.75
		336,097,483	45.77

CORPORATE GOVERNANCE STATEMENT 2023

This Corporate Governance Statement is current as at 27 May 2024 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2023, followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations, 4th Edition, February 2019 (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

The Company's Corporate Governance Plan is available on the Company's website at www.CFOAM.com.au

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendations		Comply	Explanation
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	YES	Information about the respective roles and responsibilities of the board and management (including those matters expressly reserved to the board and those delegated to management) is found under the Board Charter in the Corporate Governance Plan.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	YES	The function of the Nomination Committee is carried out by the full Board to identify and recommend candidates to fill vacancies and to determine the appropriateness of director nominees for election to the Board. The Board recognises the benefits arising from diversity and aims to promote an environment conducive to the appointment of well qualified Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals. As required under the ASX Listing rules and the Corporations Act, election or re-election of directors is a resolution put to members at each Annual General meeting. The notice of meeting contains all material information relevant to a decision on whether or not to elect or re-elect a director.

Recommendations		Comply	Explanation									
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	Each senior executive (if appointed) and executive director has a formal employment contract and the non-executive directors have a letter of appointment including a director’s interest agreement with respect to disclosure of security interests.									
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.									
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity’s progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or (B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	PARTLY	The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and the Company’s progress in achieving them. The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company’s website. The Board did not set measurable gender diversity objectives for the past financial year because the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles would, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company’s policy of appointing based on skills and merit. The respective proportions of men and women on the Board, in senior executive positions and across the organisation (including how the entity has defined “senior executive” for these purposes) for the past financial year is disclosed below – <table><tr><td></td><td>Female</td><td>Male</td></tr><tr><td>Board</td><td>0</td><td>3</td></tr><tr><td>Senior Executive</td><td>0</td><td>0</td></tr></table>		Female	Male	Board	0	3	Senior Executive	0	0
	Female	Male										
Board	0	3										
Senior Executive	0	0										

Recommendations		Comply	Explanation
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process during or in respect of that period.	PARTLY	Process for Evaluating Board Performance is detailed in the Board Charter of the Corporate Governance Plan. The Board aims to review its performance and that of its committees and individual directors on an annual basis. Performance is reviewed against the Board Charter and any other Board responsibilities. Evaluation will have regard to, amongst other things, ensuring proper and effective management and performance of financial, operational and compliance indicators. During the reporting period no evaluation took place.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and (b) disclose, in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process during or in respect of that period.	PARTLY	It is the Company's policy that performance evaluations of senior executives (if appointed) are undertaken on an annual basis and will form part of the remuneration assessment. A performance evaluation did not take place during the reporting period.

PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

Recommendations		Comply	Explanation
2.1	The Board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	PARTLY	The Company's Corporate Governance Plan includes a Nomination Committee Charter. The Corporate Governance Plan is available on the Company's website. The primary purpose of the Nomination Committee is to support and advise the Board in maintaining a Board with an appropriate mix of skills and experience and ensuring the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance. Given the size of the Company, the operation of the Nomination Committee is currently conducted by the full Board. When appropriate, external consultants are engaged to assist in the nomination process and to ensure a balance of skills, knowledge, experience, independence and diversity is achieved.

Recommendations		Comply	Explanation																											
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	YES	The Board reviews capabilities, technical skills and personal attributes of its directors. It will normally review the Board’s composition against those attributes and recommend any changes in Board composition that may be required. An essential component of this will be the time availability of Directors. <table><tr><td></td><td>Non-executive chairman/ Company Secretary</td><td>Non-executive directors</td></tr><tr><td>Leadership</td><td>X</td><td>X</td></tr><tr><td>Strategy / Risk</td><td>X</td><td>X</td></tr><tr><td>Communication</td><td>X</td><td>X</td></tr><tr><td>Fundraising</td><td>X</td><td>X</td></tr><tr><td>Industrial Industry</td><td>X</td><td>X</td></tr><tr><td>Governance</td><td>X</td><td>X</td></tr><tr><td>Health, safety and environment</td><td>X</td><td>X</td></tr><tr><td>Financial acumen</td><td>X</td><td>X</td></tr></table>		Non-executive chairman/ Company Secretary	Non-executive directors	Leadership	X	X	Strategy / Risk	X	X	Communication	X	X	Fundraising	X	X	Industrial Industry	X	X	Governance	X	X	Health, safety and environment	X	X	Financial acumen	X	X
	Non-executive chairman/ Company Secretary	Non-executive directors																												
Leadership	X	X																												
Strategy / Risk	X	X																												
Communication	X	X																												
Fundraising	X	X																												
Industrial Industry	X	X																												
Governance	X	X																												
Health, safety and environment	X	X																												
Financial acumen	X	X																												
2.3	A listed entity should disclose: (a) the names of the directors considered by the Board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	YES	Todd Hoare and Nicholas Ong are considered to be independent directors. Gary Steinepreis is not considered to be classified as an independent director due to being a substantial holder. The dates of the appointment of the directors are contained in the Directors’ Report of the Annual Financial Statements.																											
2.4	A majority of the Board of a listed entity should be independent directors.	YES	The Company’s Board Charter requires that, where practical, the majority of the Board should be independent. 2 of the 3 directors are considered independent directors.																											
2.5	The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	NO	The chair of the Board is not an independent director. The Company does not currently have a CEO.																											

Recommendations		Comply	Explanation
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	YES	The Company will provide induction material for any new directors and, depending on specific requirements, will provide appropriate professional development opportunities for directors.

PRINCIPLE 3 – INSTILL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Recommendations		Comply	Explanation
3.1	A listed entity should articulate and disclose its values.	YES	The Board has adopted a set of values which are the foundation for how the Company achieves its business objectives. Our values are supported by the Code of Conduct and other key governance principles and policies which are approved by the Board. The Company has disclosed its values in its Corporate Governance Plan which can be found on the Company's website.
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	YES	The Company has a Code of Conduct in its Corporate Governance Plan. The Code of Conduct sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive to abide by when dealing with each other, shareholders and the broad community.
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	YES	The Company has a Whistleblower Policy contained within its Corporate Governance Plan. The Whistleblower Policy sets out the reporting process to be followed.
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	YES	The Company has an Anti-bribery and Corruption Policy contained within its Corporate Governance Plan which can be found on the Company's website.

PRINCIPLE 4 – SAFEGUARD INTEGRITY OF CORPORATE REPORTS

Recommendations	Comply	Explanation
4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	PARTLY	The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter. The Corporate Governance Plan is available on the Company's website. The Company does not have an Audit and Risk Management Committee. The full Board acts as the Audit and Risk Committee as, given the relatively small number of Directors, it is not practical to have a separate Committee. Whilst the Company does not have an Audit and Risk Management Committee, the Company's Corporate Governance Plan contains an Audit and Risk Management Committee Charter which is available on the Company's website. As noted above, the Company does not have a separate Audit and Risk Management Committee as the Board did not consider the Company would benefit from its establishment. The Board carries out the duties that would ordinarily be carried out by the Audit and Risk Management Committee including overseeing the entity's risk management framework and prior to approval of the Company's statutory financial statements, the Board had the opportunity to meet with the Company's auditors, as appropriate.
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	The Audit Committee (which is currently the full Board) receives declarations from the Board in relation to full year and half year statutory financial reports during the reporting period in accordance with section 295A of the Corporations Act.

Recommendations		Comply	Explanation
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	YES	The Company's Corporate Governance Plan provides that the Company must have policies and comprehensive practices in place to verifying the integrity of the Company's periodic reports which are not audited or reviewed by an external auditor, to satisfy the Board that each periodic report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions. Where a periodic corporate report, such the Company's quarterly report, are not required to be audited or reviewed by an external auditor, the Company conducts an internal verification process to confirm the integrity of the report, to ensure that the content of the report is materially accurate, and to provide investors with appropriate information to make informed investment decisions. Appropriate supporting information for such corporate reports are sought and retained on preparation of the report and the full Board reviews and approves the release of such reports. Copies of all market announcements are also required to be circulated to the Board promptly, to ensure the Board has timely oversight of the nature and quality of information being disclosed to the market.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendations		Comply	Explanation
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	YES	The Company's Corporate Governance Plan includes a continuous disclosure program. The Corporate Governance Plan is available on the Company's website.
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Yes	Contained within the Company's Continuous Disclosure Policy. Copies of all market announcements are circulated by the Company Secretary promptly to the Board, to ensure the Board has timely oversight of the nature and quality of information being disclosed to the market.

Recommendations		Comply	Explanation
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	YES	Contained within the Company's Continuous Disclosure Policy, which forms part of the Company's Corporate Governance Plan. The policy provides that stipulates that any new and substantive investor or analyst presentations will be released on the ASX Market Announcements Platform ahead of the presentation. The Chairman and Company Secretary ensure that any new and substantive investor or analyst presentations are released to ASX ahead of the presentation.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendations		Comply	Explanation
6.1	A listed entity should provide information about itself and its governance to investors via its website.	YES	The Company's website provides information on the Company including its background, objectives, projects and contact details. The Corporate Governance page provides access to key policies, procedures and charters of the Company, such as the Board and Committee charters, securities trading policy, diversity policy and the latest Corporate Governance Statement. ASX announcements, Company reports and presentations are uploaded to the website following release to the ASX and editorial content is updated on a regular basis.
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	YES	The Company's Corporate Governance Plan states that the Board is committed to open and accessible communication with holders of the Company's securities. Disclosure of information and other communication is made as appropriate by mail or email. Security holders are given the option to receive communication from, and send communications to, the Board and its security registry electronically. The Company's security holder communications strategy aims to promote and facilitate effective two-way communication with investors. The Corporate Governance Plan outlines a range of ways in which information is communicated to shareholders and is available on the Company's website.

Recommendations		Comply	Explanation
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	YES	The Company encourages shareholders to attend all general meetings of the Company and sets the time and place of each meeting to promote maximum attendance by Shareholders. The Company encourages Shareholders to submit questions in advance of a general meeting, and for the responses to these questions to be addressed through disclosure relating to that meeting. The Company's Shareholder Communication Policy is disclosed on the Company's website.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	YES	It is the Company's desire that shareholders receive communications electronically in the interests of the environment and constraining costs. In an endeavour to drive this objective the Company has a policy of providing hard materials at cost (which will generally involve a black and white presentation even where the electronic version is full colour).
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Contained within the Company's Shareholder Communication Strategy. The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report and half yearly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders queries are referred to the Company Secretary in the first instance.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendations		Comply	Explanation
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	PARTLY	The Board has not established a Risk Committee however it does have a Risk Policy which can be found on the company's website in the Corporate Governance Plan. Risk management is discussed by the full Board at the Company's board meetings during the year. The Board considers that this process adequately monitors the Company's risk management framework. As noted above, the Company does not have a separate Audit and Risk Management Committee as the Board did not consider the Company would benefit from its establishment. The Board carries out the duties that would ordinarily be carried out by the Audit and Risk Management Committee including overseeing the entity's risk management framework and prior to approval of the Company's statutory financial statements, the Board had the opportunity to meet with the Company's auditors, as appropriate.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	YES	The Board considers risks and discusses risk management as required at the relevant Board meeting. As part of this all risks are considered including but not limited to strategic, operational, legal, reputation and financial risks. This is an on-going process rather than an annual formal review.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	Due to the size of the Company, the Board does not consider it necessary at this time, to formally adopt an internal audit function. The Board continually monitors the risk management and internal control processes adopted by the Company to ensure they are appropriate to the operations of the Company's group structure. The Board is satisfied with the current level of risk, risk management and control monitoring within the Company.
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	YES	The Company does not believe it has any significant exposure to economic, environmental and social sustainability risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendations		Comply	Explanation
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	YES	The Company's Corporate Governance Plan includes a Remuneration Committee Charter. The Corporate Governance Plan is available on the Company's website. (a) The Company does not have a Remuneration and Nomination Committee as given the relatively small number of Directors, it is not practical to have a separate Committee. Whilst the Company does not have a Remuneration and Nomination Committee, the Board has adopted a Remuneration and Nomination Committee Charter. (b) As noted above, the Company does not have a separate Remuneration Committee given the size of the Board and as the Board did not consider the Company would benefit from its establishment. The Board currently carries out the duties that would ordinarily be carried out by the Remuneration and Nomination Committee. The Board undertakes this role with the assistance of any external advice which may be required from time to time. Remuneration levels are competitively set to attract suitably qualified and experienced Directors and senior Executives, having regard for Company performance.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the remuneration report contained in the Company's 30 June 2021 Annual Report as well as being disclosed on the Company's website.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	Participants in the Company's equity-based remuneration schemes are prohibited from entering into any scheme or arrangement under which they hedge or alter the economic benefit that they may derive in respect of their equity-based remuneration options or performance rights.

PRINCIPLE 9 – ADDITIONAL RECOMMENDATIONS

Recommendations		Comply	Explanation
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	N/A	Each listed entity director speaks the language in which board or security holder meetings are held or key corporate documents are written.
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	N/A	The listed entity is established in Australia.
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	N/A	The listed entity is established in Australia.