

CFOAM LIMITED COMPLETES HEAVILY OVER-SUBSCRIBED A\$4.5 MILLION SHARE  
PLACEMENT

Highlights

- CFO receives commitments to issue 12.5 million shares to sophisticated investors at \$0.36 per share to raise A\$4.5 million
- The Board welcomes several new, prominent institutional investors onto the Register
- Placement provides CFO with the necessary liquidity, flexibility and financial strength to more rapidly pursue Phase 1 and Phase 2 capital expansion plans – completion of which will initially triple capacity production to 25,000cft and ultimately triple production again to 70,000-80,000 cft
- Operational turnaround continues with just-completed September quarter representing the nadir in terms of product quality, productivity and sales volumes
- Touchstone Research Laboratories (TRL) founder, Brian Joseph, to sell 2 million shares to single institutional investor to directly fund important TRL capital expansion plans
- CFO's realisable revenue potential post-Phase 2 completion is projected to be approximately \$US28 million, with EBITDA generation in excess of \$US10 million per annum

CFOAM Limited (CFO or the Company) through its 100%-owned subsidiary, CFOAM LLC, manufacturer of carbon foams CFOAM® and PFOAM™, used for ultra-high-end performance engineering materials in the industrial, aerospace, military and commercial product markets, is pleased to announce that the Company has received very strong commitments to raise A\$4.5 million through the placement of 12,500,000 new fully paid ordinary shares at \$0.36 to predominantly new institutional and sophisticated investors (**Placement**). The placement is being made using the Listing Rule 7.1 capacity.

During the Company's recently completed Australian investor roadshow, numerous key institutions expressed very strong interest to fund the Company's expansion plans. This key institutional support was evidenced by CFO's clear ability to raise capital effectively "at market", with no discount to the prior trading close, and no attaching warrants or options.

The funds raised under the Placement will be used towards:

- Accelerated completion of Phase 1 capital expansion plan - start-up date projected to be August 2018;
- Funding of pre-development work and scoping studies for Phase 2 capital expansion plan;

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- Meeting original Asset Purchase Agreement milestone payment to TRL (due mid-2018) well in advance of payment due date;
- Funding the build-out of sales and business development platforms; and
- Other material continuous improvement and business expansion activities, and potential working capital requirements.

Post completion of the Placement, CFO now has a materially strengthened balance sheet and the full financial flexibility to seamlessly and more rapidly execute the already announced Phase 1 expansion plan (to bring annual CFOAM® production capacity to 25,000cft from 9,000cft) **and** concurrently work towards a full and timely commitment to the Phase 2 expansion plan (to bring annual production capacity to 70,000+ cft – representing a dramatic increase in realisable revenue to approximately \$US28 million).

Given the Company's broad and rapidly expanding sales pipeline, the Board strongly believes it is in the best interests of shareholders to expedite expansion plans as quickly as possible – in conjunction with the material, and highly attractive, State of West Virginia funding already secured. Funds from the Placement will permit key preliminary expansion plans to advance unfettered and more rapidly, while the Company will continue to explore further ongoing non-dilutive funding arrangements with similar terms to those already secured with the West Virginia State bodies, WVED and WVJIT, as announced on 3 October 2017.

In order to fund his own financial commitments related to expansion plans for TRL, as well as improve free float and strengthen the Register, Brian Joseph has agreed to sell 2 million shares. Mr. Joseph remains the Company's 3<sup>rd</sup> largest shareholder, and is committed to growing TRL's advanced tooling business, Touchstone Advanced Composites (TAC), alongside and lock-step with CFO's CFOAM® and PFOAM™ production business. Brian Joseph's commitment to this partnership is further evidenced by Brian's recent appointment to the role of Senior Scientific Advisor at CFO and his key involvement in the Company's recent Australian investor roadshow.

In addition to an efficient and optimised expansion of production capacity, strengthening the balance sheet is a highly important growth catalyst for the Company. This will provide CFO's very large, globally significant customers with the confidence that the Company has the financial capacity to increase production more rapidly, achieve a greater scale, and ultimately meet their ever-increasing demands for CFOAM® and PFOAM™ in a timely fashion.

### **Management Commentary**

CFO Executive Director, Alain Bouruet-Aubertot, commented:

"The support for this raising has been very pleasing indeed, and we welcome the new institutional and sophisticated investors to our Register and thank them for their support. The roadshow that I, Brian Joseph and Toby Chandler just completed with meetings held in Sydney, Melbourne and Perth was met with tremendous institutional interest. This interest

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has been clearly validated by the primary and secondary transactions that we have just completed essentially “at market”.

“Our focus is now to capitalise on the significant market opportunities that we see. We are very confident that the just-completed September quarter will represent the nadir in terms of product quality, productivity and sales volume. As our broad operational improvements continue, we will look to simultaneously ramp existing production while pursuing continuous improvement initiatives, accelerate the execution of our Phase 1 expansion plans and work towards finalising full Phase 2 feasibility and implementation with a view to achieving an initial, and possibly higher, 70-80,000cft of annual capacity as quickly as possible.”

Settlement of unconditional placement shares	Wednesday 25 <sup>th</sup> October 2017
Allotment of new shares	Friday 27 <sup>th</sup> October 2017

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### **About CFOAM Limited**

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

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

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