

ASX ANNOUNCEMENT

14 June 2018



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

Clarification to ASX release of 14 June 2018

CFOAM Ltd (**CFO** or the **Company**) wishes to clarify that the economic value of the initial supply of the Purchase Order (**PO**) from Touchstone Research Laboratory (**Touchstone**) is for 38cft of CF25. Based on the current contractual pricing arrangement with Touchstone, as per the Company's prospectus, this initial supply order for validation and testing of the USN program amounts to revenue of US\$12,825.

As highlighted on page 3 of the ASX Release, *"The construction of this first full-scale exhaust uptake system by Touchstone will take place during the remainder of the year and is scheduled for installation on a designated vessel that will be "on port" in early-2019. This installation will be followed by final sea-trials during 2019, the purpose of which will be to validate the use of the CFOAM® materials-based system in "real-world" sea-trial conditions."*

The Company wishes to clarify that the objective of this programme is to obtain the approval from the USN that the CFOAM® materials-based system is validated in "real world" sea trail conditions. If successful, a process would be undertaken to formally approve the materials-based system, which would then lead to formal negotiations and, if these are successful, contracts for ship retrofits and potentially new vessel construction are likely. However, there can be no guarantees that this will occur and there are risks associated with this process.

For further details, please contact:

Alain F. Bouruet-Aubertot
Executive Director
E: abouruet@CFOAM.com

Toby Chandler
Non-Executive Director
E: tchandler@CFOAM.com

Todd Hoare
Non-Executive Director
E: thoare@CFOAM.com

Gary Steinepreis
Non-Executive Chairman
E: gsteinepreis@CFOAM.com

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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