



**CFOAM**

**Limited**

**Investor**

**Presentation**

**November 2018**

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# Investment Highlights

**Production platform stabilized and optimized**

**Strong business foundations**

**Customers growing with increased diversification forecasted over 2019**

**Strong, experienced management team with demonstrated performance delivery**

**Volume ramp-up expected to drive positive operating cashflow**

**Tripling of capacity post-Phase I completion**

**Strong momentum in the marketplace**

**Major Tier-1 customers identified in all key market verticals**

**Significant growth potential through platform scaling, key customer penetration & execution**

**Significant growth capital achieved via non-dilutive State funding**

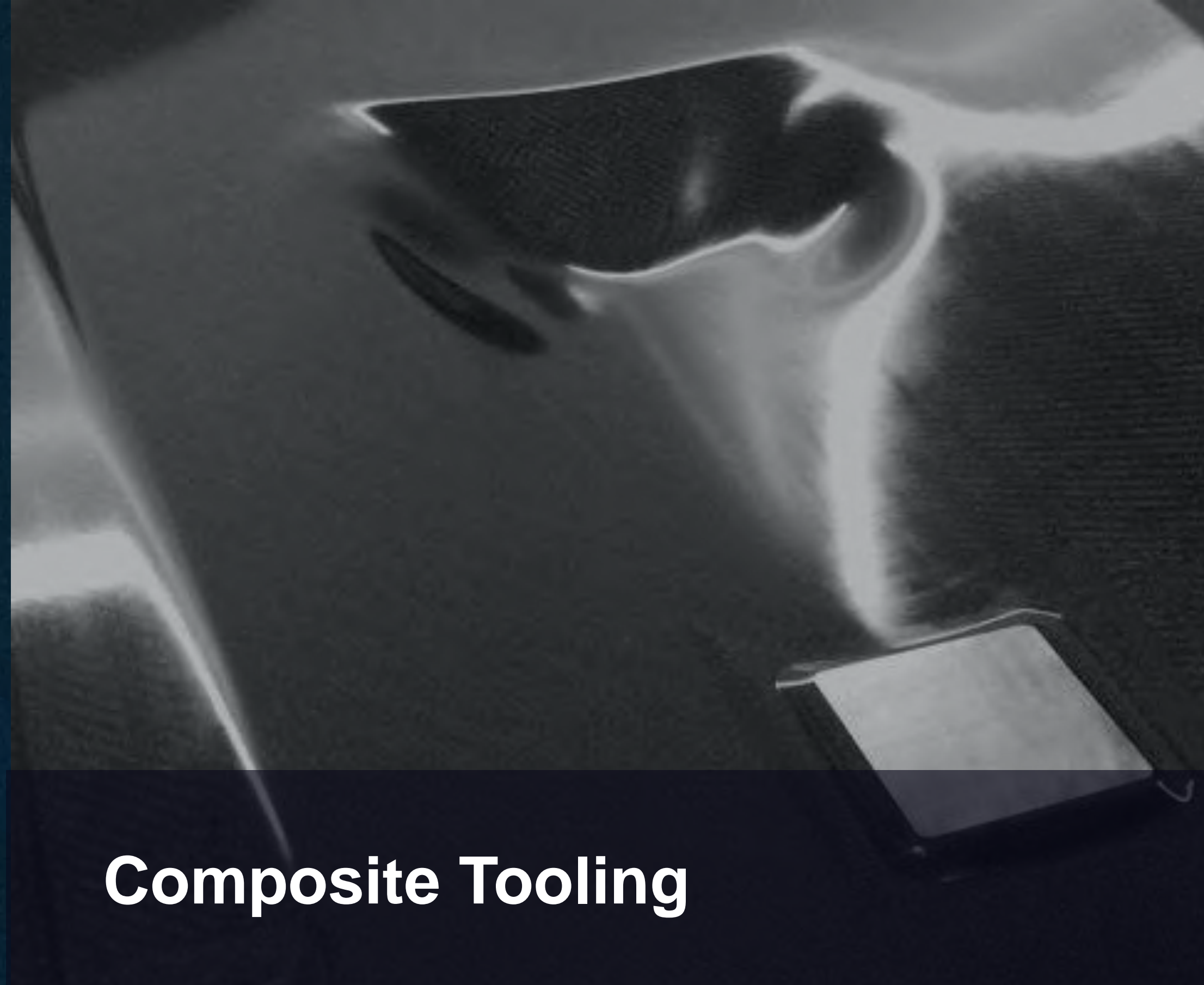


# CFOAM<sup>®</sup> Products

CFOAM<sup>®</sup> products are enabling a host of next-generation material technologies for products and systems across a **US\$15+ billion** rapidly growing combined addressable market.

CFOAM<sup>®</sup> products are highly-oriented and open-cell carbon foam products that are made from coal or other carbon materials precursors

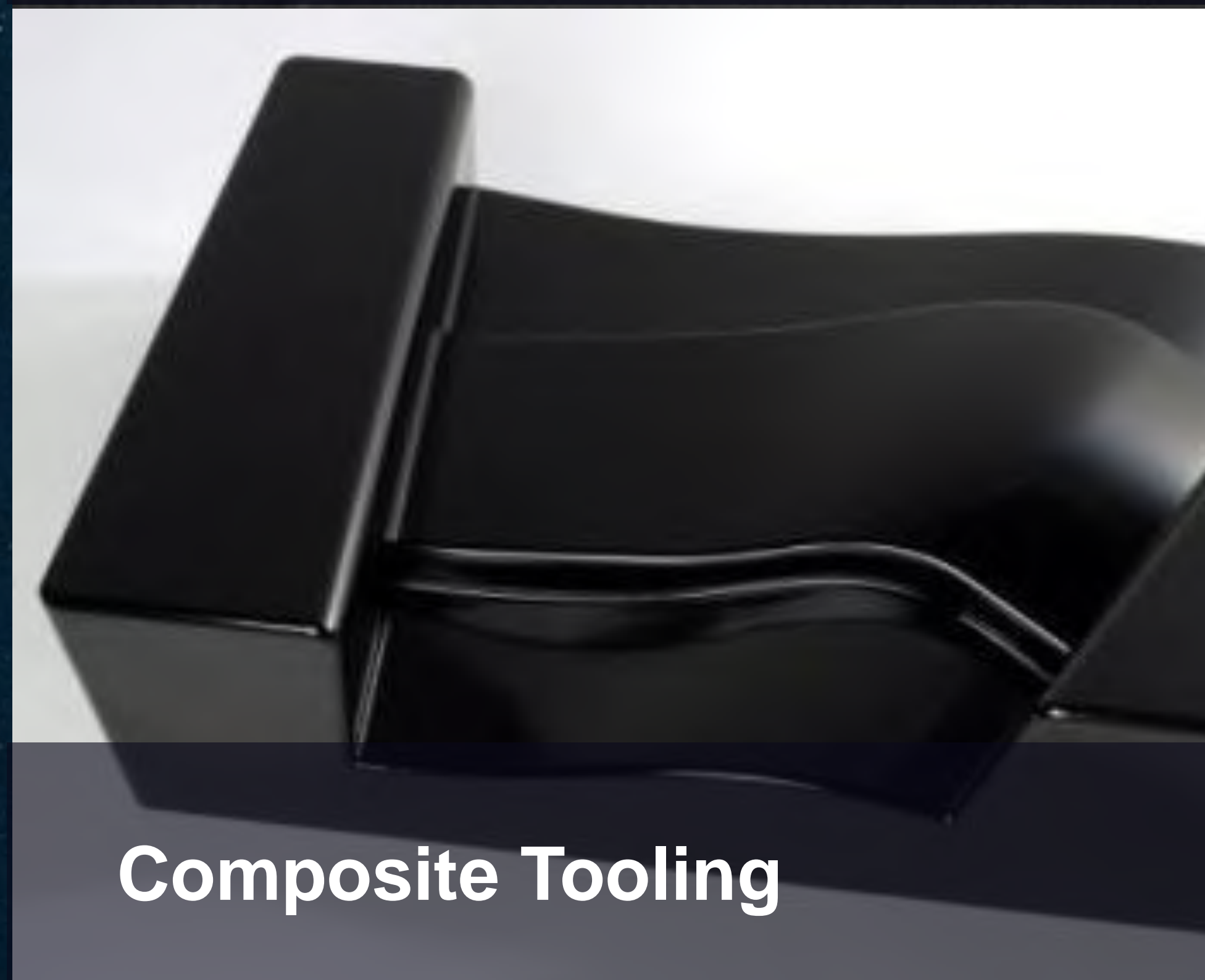
CFOAM<sup>®</sup> products are produced in billets that can be easily machined into shapes or cut into thinner panels



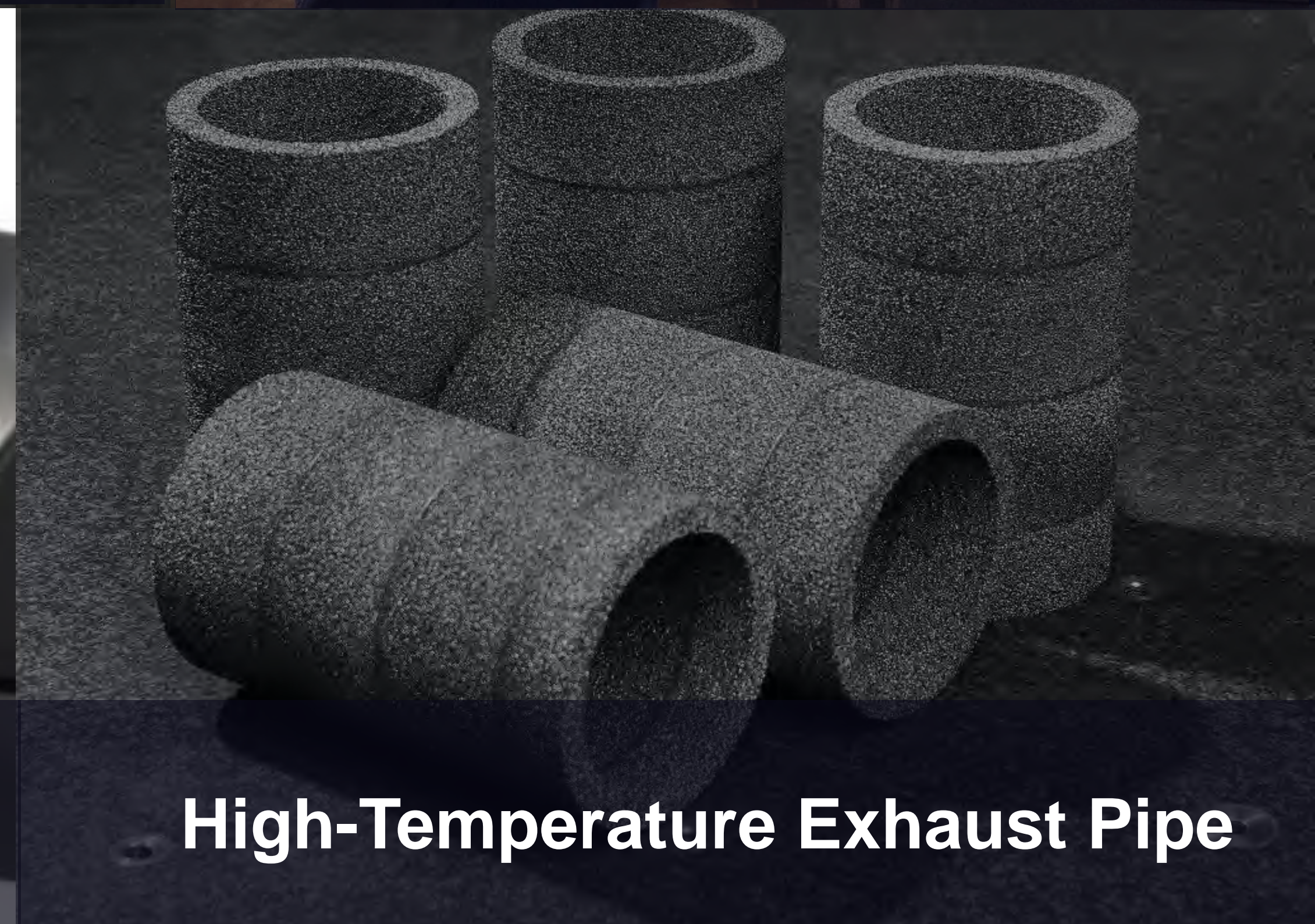
Composite Tooling



Composite Mold Production



Composite Tooling



High-Temperature Exhaust Pipe



Lightweight Mirrors for Telescopes



Fire Proofing



# Key Market Penetration Drivers

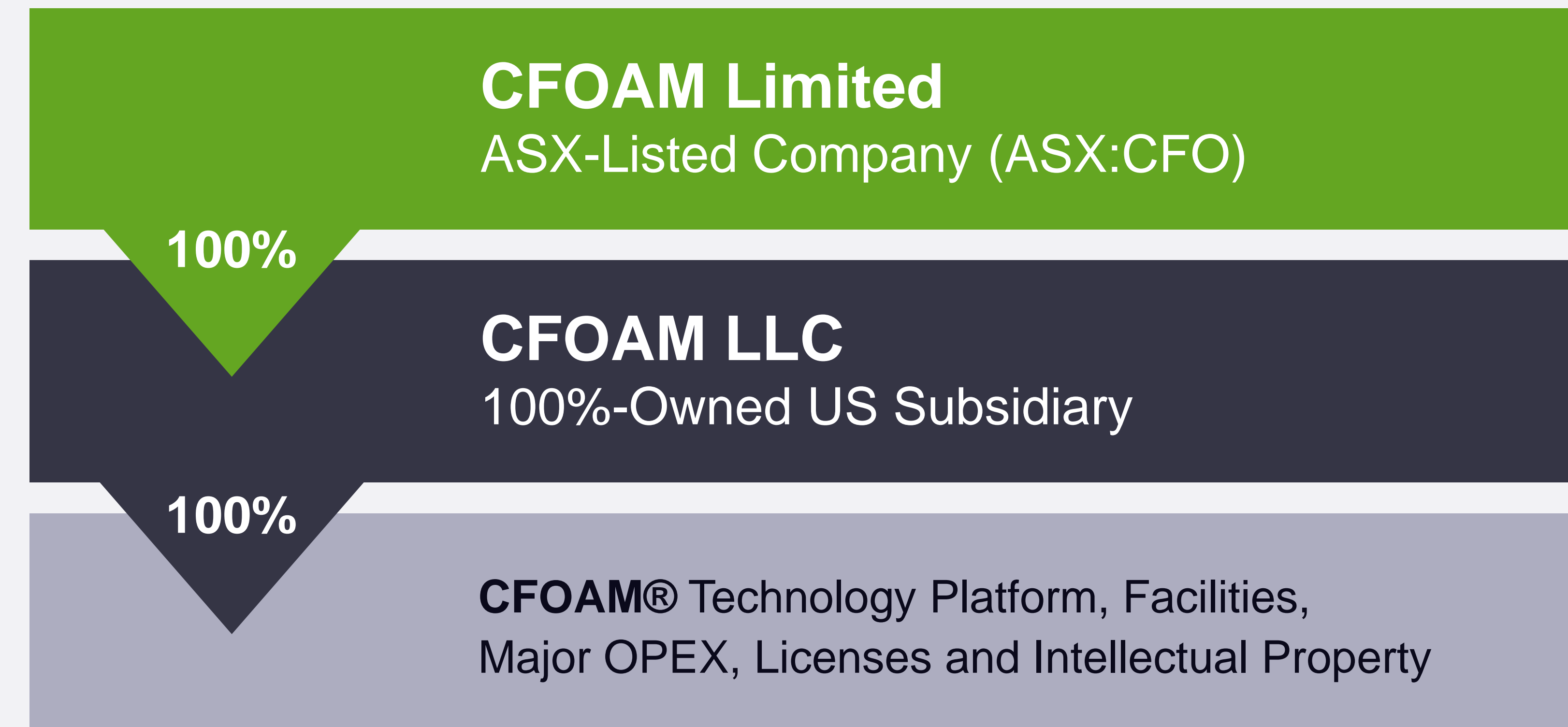
**“Generational materials revolution”**

**Mega trend in the multibillion dollar global aerospace, transportation and construction sectors, seeking lighter, stronger, fire resistant and more durable materials**



# Strong Business Platform

# Capital Structure & Major Shareholders



## Capital Structure

Ordinary Shares on Issue	116,207,143
Share Price (9 Nov-18)	A\$0.15
Market Capitalization (9 Nov-18)	A\$17.4m
Unlisted performance rights at various milestones	4,450,000
Unlisted employee incentive options	135,000

### Convertible Note Issue

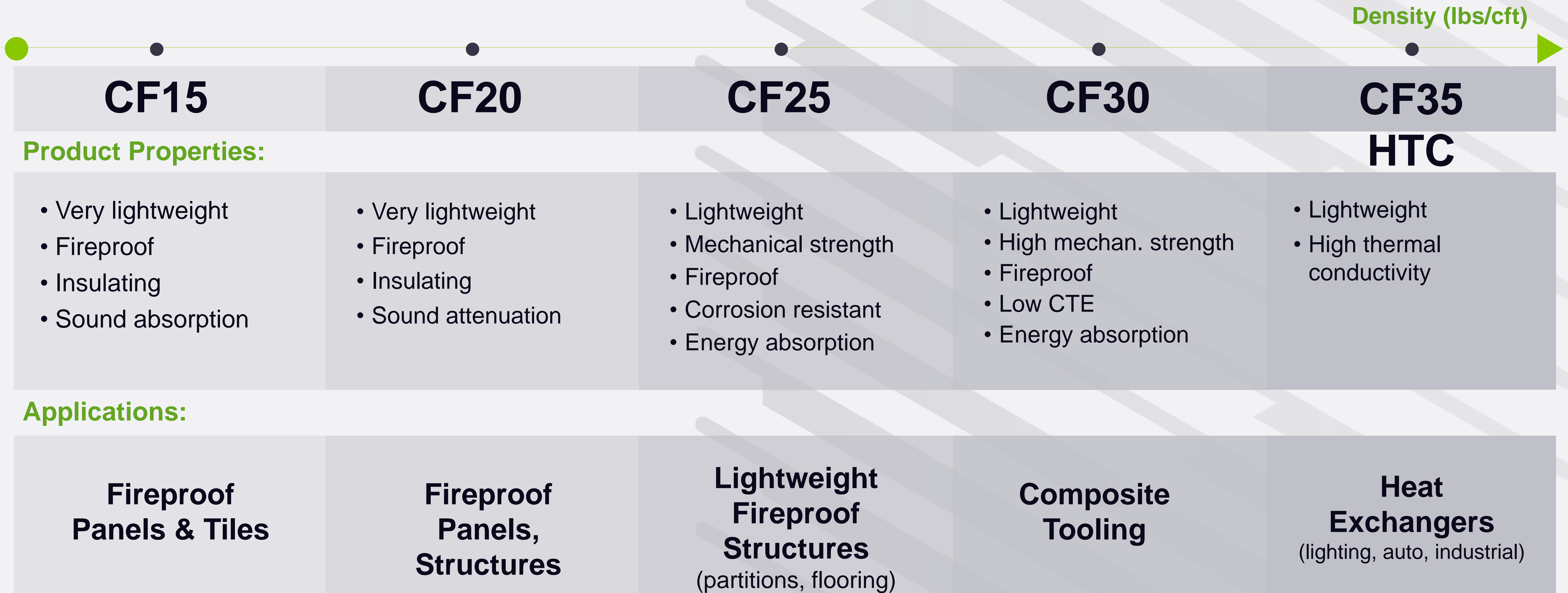
Min USD\$3m, 36 months, 4% interest, conversion price A\$0.18

## Major Shareholders

Holder	Shares	%
Board of Directors	10,955,436	9.43%
Drake Asset Management LLC	12,246,031	10.54%
Brian Joseph (Original Vendor)	7,187,500	6.19%
Other substantial holders >5%	18,131,250	15.60%



# CFOAM<sup>®</sup> Product Technology Platform



## Very Strong IP

- 27 patents in place
- Several “foundational” patents recently filed: very active technology development activity underway
- Significant know-how and trade secrets

# One Year Turnaround Complete

## Last 14 Months Milestones

### 2017 challenges

3-month financial runway

7 employees

Touchstone mainly  
No Sales

Quality Issues

- Superior consistent product quality
- Blairsville grinding facility up and running with coal sourcing diversified
- “Phase I” to 25,000 Cubic Feet / year (3 x capacity) completed on time / on budget
- Strong support from State of WV
- Strong experienced management team
- Growing diversified customer base
- Pre-qualified by Multi Billion dollar world leading aerospace companies – Far beyond MOU Stage
- Extended product line
- Strengthened IP
- Clearly defined phased expansion strategy
- Expansion plans beyond 100,000 Cubic Feet / year in near future

### 2018 outcomes

**Increased Operating Cashflow** in 2019  
Planning for **Phase II**

**28 Employees:**  
**Enhanced Capability**

**Multiple Accounts:**  
**Gaining Momentum**

Coal sourcing  
Blairsville start-up: **Improved Quality**  
Phase I start-up: **Increased Capacity**

August 2017 ●

2017 / 2018

● October 2018

# Current Facility Phase I Completed

Upgraded and Expanded Production Assets

## Financing

WVEDA (US\$1.2 M)  
WVJIT (US\$0.4 M)  
Summit Bank (US\$0.6 M)

9,000  
cft/yr

Blairsville CA  
PA Coal Pulverizer

July 2018 start-up  
Self-financed US\$0.8  
Million cost

### Significant Benefits:

Quality Control  
Reliability of supply  
Spare Capacity for  
Phases I, II, III

US\$2.2 Million  
Completed

In August 2018,  
Of which US\$1.9  
Million for larger Kiln

### Significant Benefits:

Tripling of capacity  
Enable Operating Cash  
Flow generation

Capacity  
increased to  
**25,000**  
cft/yr

# Leading Market Verticals

Other: military, industrial, consumer  
>US\$1 Billion Addressable Market

## Composite Tooling

US\$1 Billion Addressable Market

- Final qualification at several industry leaders in North America and Europe other than Touchstone
- Strong pull from aerospace OEMs

## Transportation Structures

US\$3 Billion Addressable Market

- Final qualification for use as structures by several world leading aerospace OEMs
- Testing underway for structures in ships and railcars

## Construction Materials

US\$10 Billion Addressable Market

- Final qualification work for fire protection of steel structures in high-rise buildings
- Testing at other large-scale applications: fire-resistant doors, fire-resistant insulating panels

# Growing Diversified Sales Pipeline

Sales Pipeline as at October 2018

Commercial / Recurring  
Sales Increasing

**23** Product Sold / Qualification

**71** Product Sampled / Testing

**>100**  
Active Discussions

# Sales Pipeline By Main Market Verticals

Sales Pipeline as at October 2018



**Time to Market (Active Discussions to Commercialization):**  
 6 to 9 months      12 months      9 months      9 months Industrial  
 Generally 6 to 18 months Military  
 24 months Consumer

**Commercial**      **Qualification**      **Testing**      **Active Discussions**

Commercialization does not entail contracts but are beyond "MOU" development stage

# Experienced Team with Track Record of Success



**Alain F. Bouruet-Aubertot**, President & CEO

- Mr. Alain F. Bouruet-Aubertot was appointed to CFOAM Ltd Board of Directors in July 2017, as Executive Director, with primary oversight of CFOAM LLC.
- Alain is a US-based finance and materials executive, and was previously CEO and Managing Director of Minteq International, Inc, a leading global wholly-owned ceramic materials subsidiary company of NYSE-listed Minerals Technologies Inc. (NYSE: MTX).
- He was also President of Lafarge North America's Gypsum division, growing it from inception to a US\$500 million business.



**Mark J. Morse**, COO

- Mr Morse joined the Company in August 2018 and has primary oversight of manufacturing and sales / marketing for the subsidiary CFOAM LLC.
- Mark is a US-based manufacturing executive with 23 years of experience as President of Selee, a world leader in ceramic materials for metal filtration. in inspiring high-performance leadership teams and building a culture committed to organic growth, LEAN methodology, continuous improvement, accountability and service excellence.



**Eric Provenzano**, Director of Finance

- Mr. Provenzano joined the Company in May 2018, with responsibility for all finance and accounting activities at CFOAM LLC.
- Eric established himself as a results-driven accounting/finance executive with experience in financial management across varied large-scale industries (metal, paper, packaging).
- He is a native and resident of West Virginia.



**Dr. Rudolph A. Olson III**, Technical Development Director

- Dr. Olson joined the Company in May 2018. His work focuses on process and product technology development as well as technical support for all customers.
- Rudy's career has focused on research and development in materials manufacturing companies, where he has successfully scaled several new products from concept to market and was awarded multiple patents issued in several countries.
- He won the 2009 Corporate Environmental Award from the American Ceramic Society and won the 2017 Corporate Technical Achievement Award from the American Ceramic Society.



**Guillermo "Bill" Castaneda**, Global Sales Director

- Bill joined the Company in January 2018 with responsibility for global sales of CFOAM® products.
- Prior to that time, Bill held various international sales, marketing and business development roles with companies like American Autoclave Corporation, Touchstone Research Laboratory and a number of companies in the composite and aerospace industry.
- Bill is currently the President of the Society for the Advancement of Material & Process Engineering (SAMPE – Mexico).



# Significant Growth Potential



# Key Market Penetration Drivers

## Composite Tooling

US\$1 Billion Addressable Market

### Market Drivers:

Double-digit market growth – Increased market penetration of Carbon fibers in aircraft and automotive industries

### CFOAM USPs:

- Low CTE
- Light weight
- Thermally conductive material

## Transportation Structures

US\$3 Billion Addressable Market

### Market Drivers:

Very high demand for materials being lightweight, fireproof, corrosion resistant and mechanically resistant in aircrafts, space, rail and ships

### CFOAM USPs:

- Lightweight, lower cost vs. alloys and Al, Ti metals
- Fire resistant, mechanically strong vs. balsa wood

## Construction Materials

US\$10 Billion Addressable Market

### Market Drivers:

Growing demand for lightweight fire resistant materials due to tightening of building/fire codes

### CFOAM USPs:

- Fire resistant, mechanically strong vs. polymeric foam
- Mechanically strong, lower installed cost v. mineral wool

# Composite Tooling

US\$1 Billion  
total  
addressable  
market globally

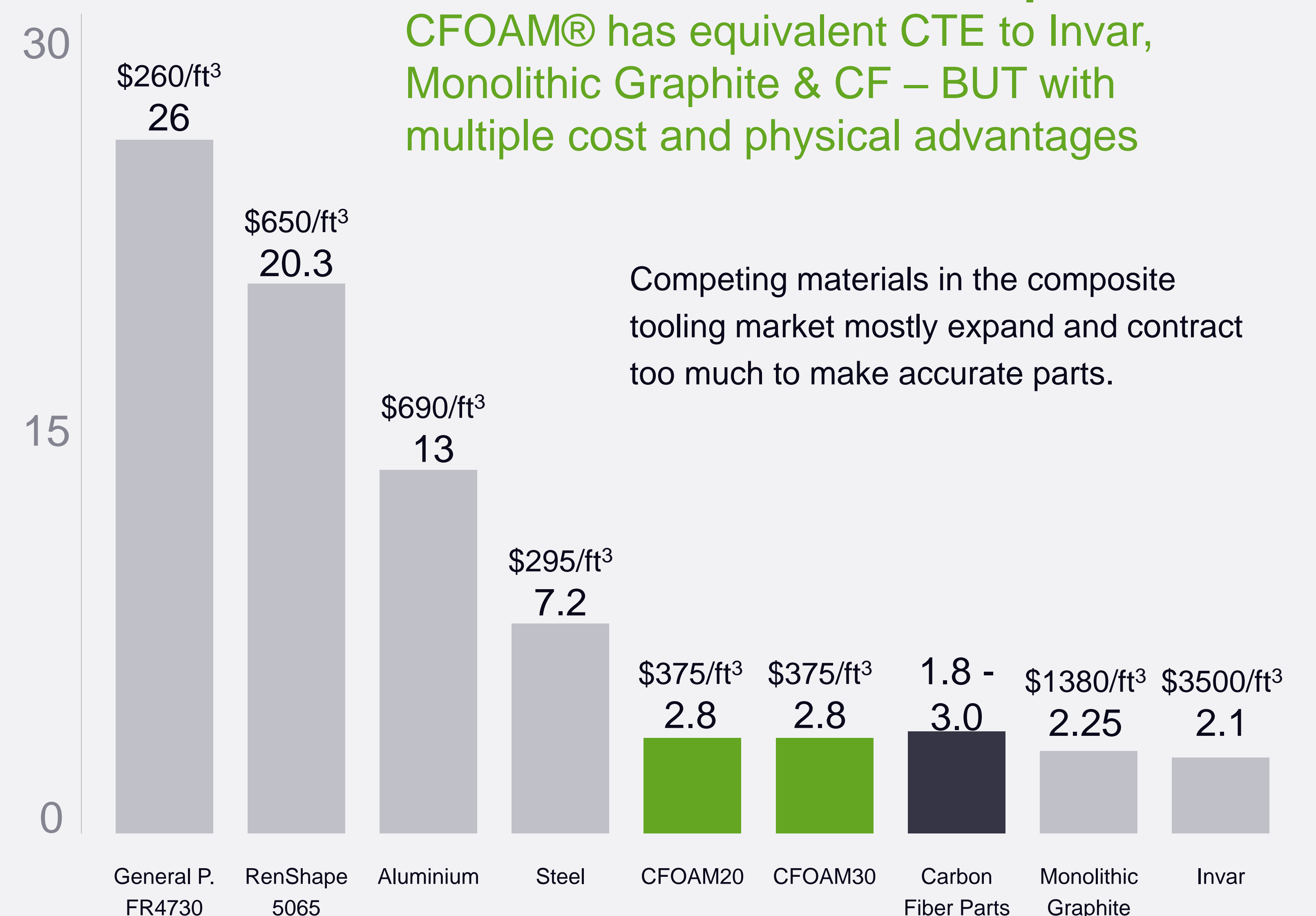
## Strong Value Proposition:

- Low CTE (vs. polymers, metals)
- Lightweight (vs. Invar alloy, graphite)
- Easily machinable (vs. Invar alloy)
- Low thermal mass: reduces cycle times in production of carbon fiber-based parts

Leveraging positions already established by Touchstone previously with OEMs and tooling companies

## Coefficients of Thermal Expansion:

CFOAM® has equivalent CTE to Invar, Monolithic Graphite & CF – BUT with multiple cost and physical advantages



# Transportation / Structures

US\$3 Billion  
total  
addressable  
market globally

## Strong Value Proposition in aircraft structures (flooring, partitions):

- Much lighter weight vs. metal (Al and Ti)
- Fire proof
- Lower cost

## Strong Value Proposition in ships and railcars:

- Fireproof vs. balsa wood
- Lower installation cost of larger thinner panels vs. balsa wood
- Lighter weight & cost vs. metal

## Strong Value Proposition in exhaust uptakes in ships (incl. US Navy program)

- Lighter weight vs. Inconel alloy
- Lower material cost
- Lower maintenance cost (corrosion resistant)

## Other structure applications:

- Fire and shock protection of Li batteries
- Fireproof lightweight partitions in ships

# Construction Materials

**US\$10 Billion**  
total  
addressable  
market globally

## Strong Value Proposition in fire protection of steel structures (high rise buildings):

- Fireproof and mechanical strength at high temperature vs. mineral wool
- Lower installed cost vs. mineral wool

## Strong Value Proposition in fire-resistant doors:

- Lighter weight and ease of installation vs. gypsum core door panels
- Lower cost of door system components due to lighter weight and lower panel thickness (door frame and structure)

## Strong Value Proposition in insulated panels:

- Fireproof and mechanical strength at high temperature vs. polymeric foam
- Meeting tighter building/fire codes (e.g. 2017 Grenfell Tower fire in London)
- Lower installed cost as part of a system vs. mineral wool

# Other Markets

(not developed yet as “Key Verticals”)



>US\$1 Billion  
total  
addressable  
market globally

## Military:

- Lightweight, mechanically resistant, fireproof material
- Energy/blast absorption materials
- EMI shielding
- Lightweight heat sink (armament)

## Industrial:

- Lightweight heat exchangers vs. metal (Al, Cu) in lighting, energy and process technology
- High-temperature and corrosion resistant materials in process equipment

## Consumer:

- Lightweight highly-thermally conductive material vs. metal (cookware)
- Lightweight abrasive materials

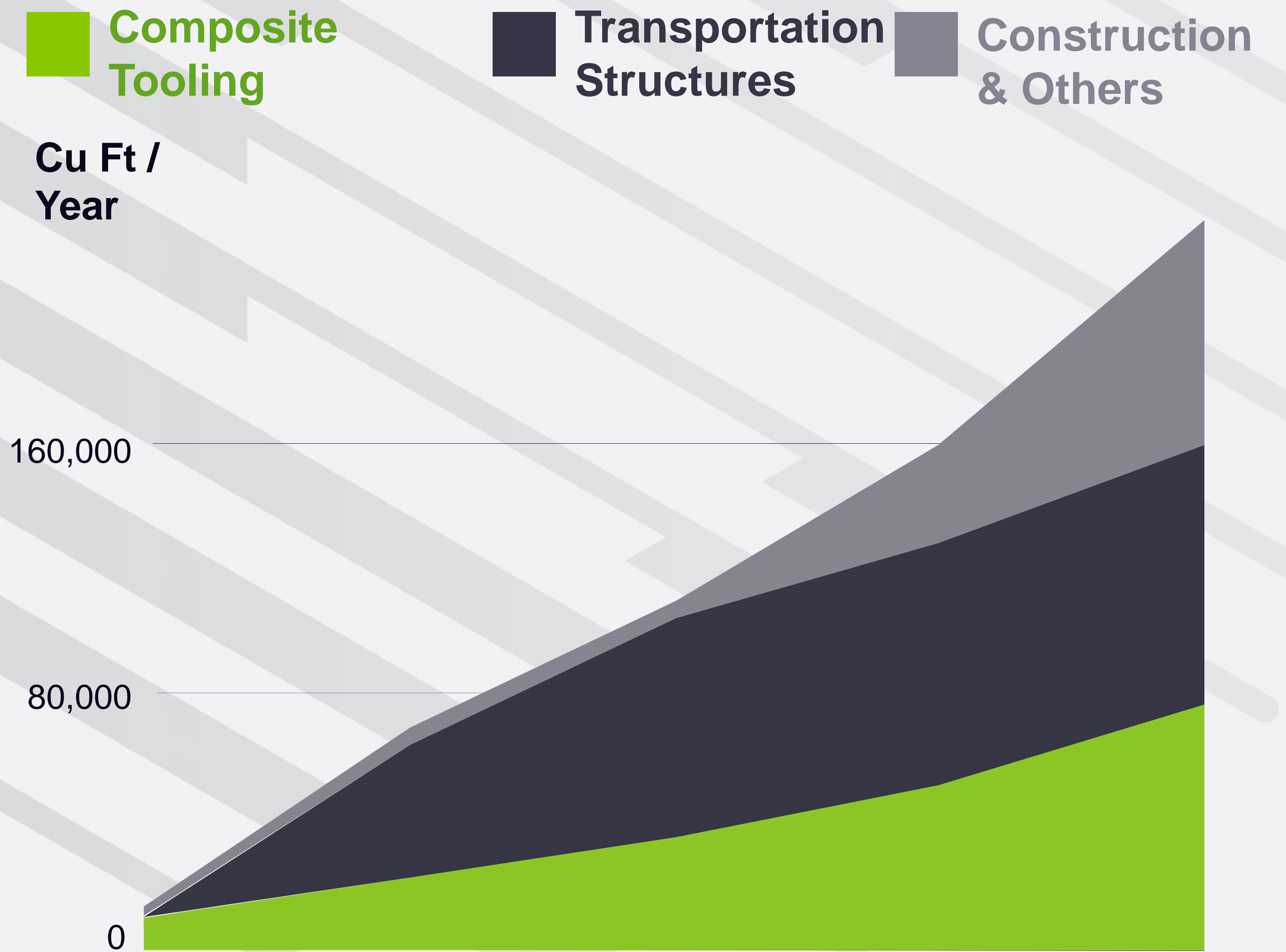
# Strong Sales Growth Momentum

## Key Market Development Drivers

Currently **Active** Opportunities in the Three Main Verticals

Composite Tooling	Transportation Structures	Construction Materials
Touchstone's growth	Qualification at large aerospace OEMs	Largest-scale market
Large industry leader	Space programs	Fire protection (steel in high-rise buildings, doors)
Pull from large aerospace OEMs	Leveraging composite tooling position	Fireproof panels (>100,000's cft/year Potential)
Sales in Europe	Rail and ships structures	<b>Leverage Partnerships in very large-scale markets</b>
Technical sales capability	US Navy program	
<b>Leverage established value proposition</b>	<b>Leverage unique material attributes (light-weight, fireproof, strength)</b>	

## Sales Growth Potential by Market Vertical



# Phased 5-Year Expansion Plan

- Phased Capacity Expansion
- Rapidly ramping-up to Phase I capacity
- Working towards a decision on Phase IIA in Q1 2019

## Phase I

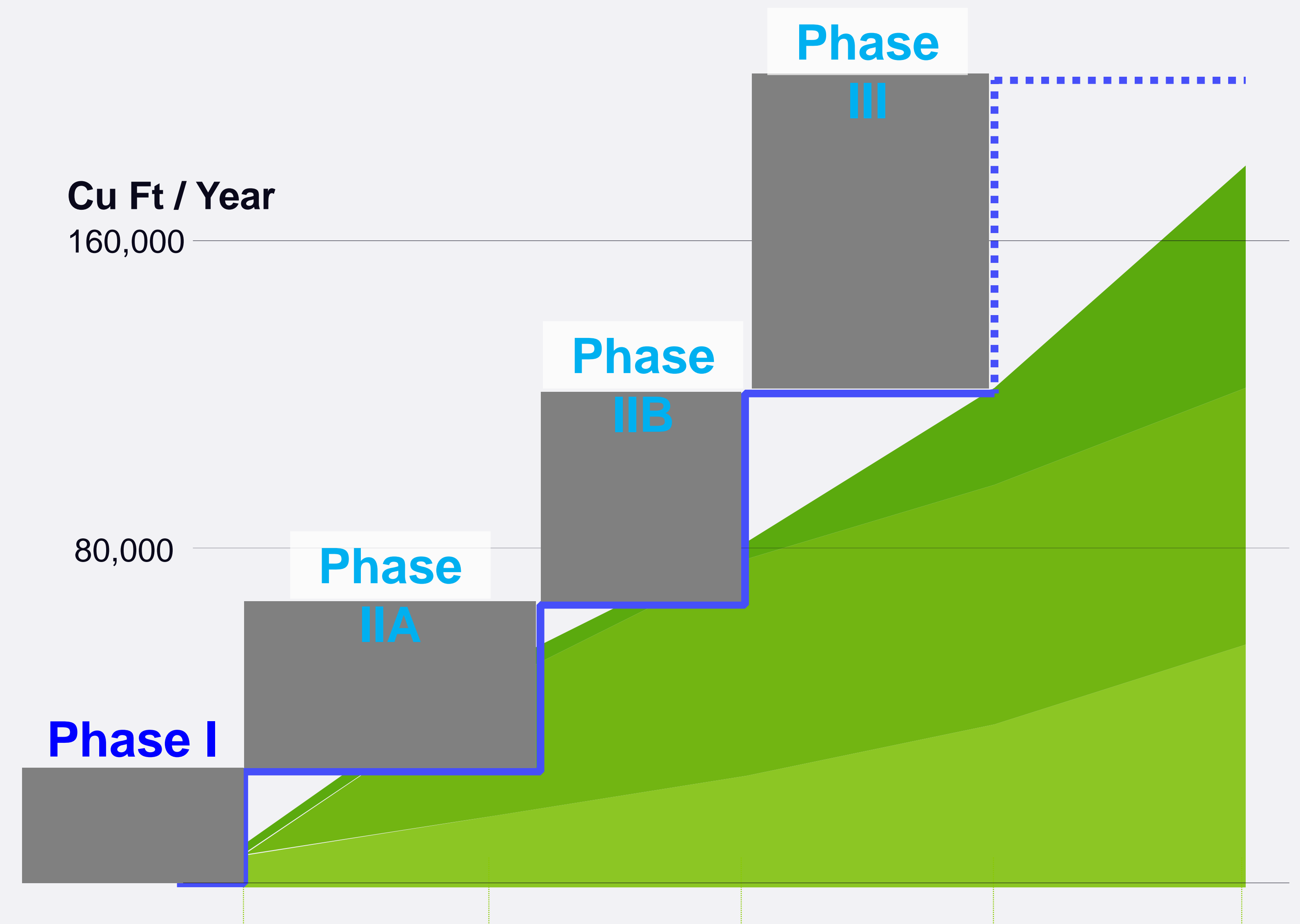
- Near triple capacity to **25,000** cft/year.
- **US\$2.2 million** capital cost
- **100%** non-dilutive funding.
- **August 2017** start-up

## Phase IIA/B

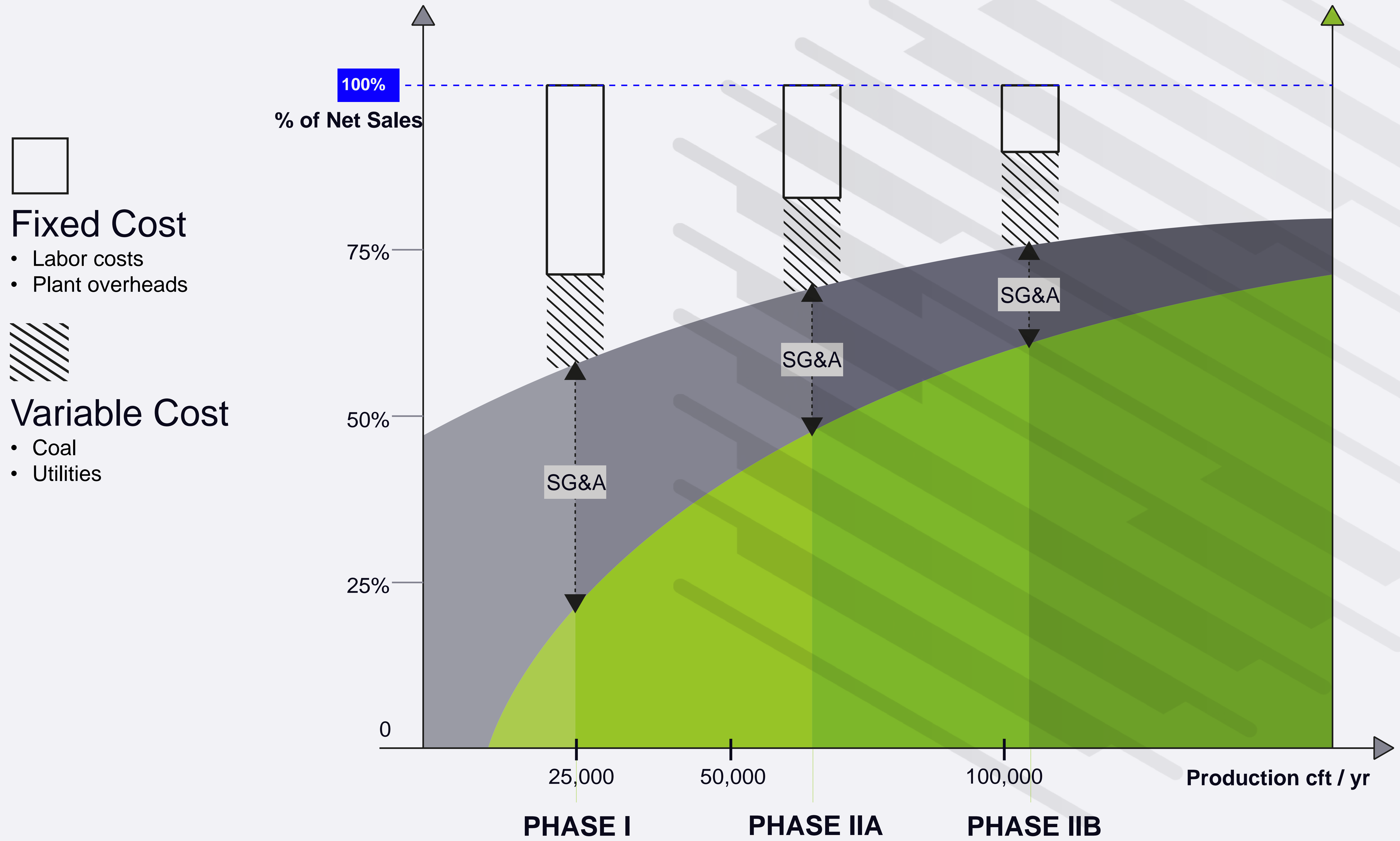
- ~**45,000** cft/year capacity addition increments to be phased in
- New WV site consideration
- Non-dilutive funding discussions
- Phase **2A** decision anticipated in **Q1 2019**

## Phase III

- Large-scale industrial production line of **150,000+** cft/year capacity.
- Lower capital intensity through use of large-scale production equipment
- Future multiple production sites in the US and overseas



# Highly Scalable Business



- Fixed Cost**
  - Labor costs
  - Plant overheads
- Variable Cost**
  - Coal
  - Utilities



# Strong Track Record In Securing Non-Dilutive Financing

US\$2.2  
Million  
Phase I  
Completed

Phase II  
Discussions  
underway

## Phase I

US\$2.2 Million Phase I completed in August 2018, fully financed by:

- **US\$1.2 Million** through low-interest loan from West Virginia Economic Development Authority (WVEDA)
- **US\$0.4 Million** from West Virginia Jobs Investment Trust (WVJIT)
- **US\$0.6 Million** from Summit Community Bank, a West Virginia-based commercial bank

## Phase II

Non-dilutive financing considerations for planned **Phase II Program**:

- West Virginia's state agencies for low-interest loans and/or long-term leases
- Debt funding from commercial banks
- Federal loan guarantees



# Growth Investment Opportunity

# Short-Medium Term Financing Needs

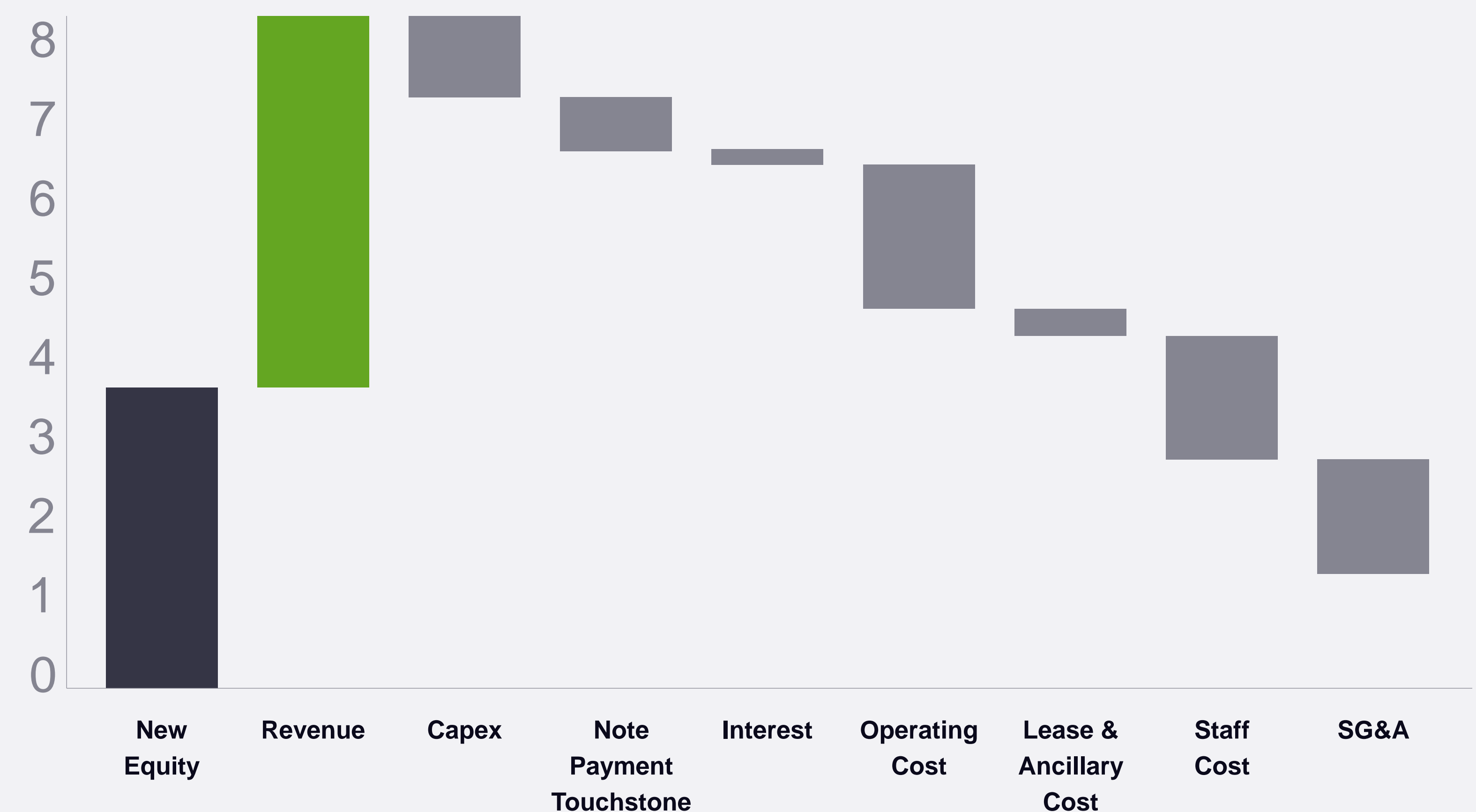
**US\$3+ Million** funding to cover following costs during transition:

- Working Capital
- Continuous Improvement
- Phase II Pre-Engineering
- \$0.47 Million Note Payment to Touchstone (01/15/19)

Rapidly **ramping-up sales** and production:  
Positive Operating Cash Flow in 2019 targeted:

- Sales around **30%** of current capacity
- Growing sales pipeline
- Breakeven point around **50%** of current capacity
- Touchstone sales as growing base load of business
- Qualifying new composite tooling accounts
- Targeting **CFOAM**<sup>®</sup> products in new markets and potential customers

## Use of **US\$3+ Million** Funds 11/2018 – 06/2019



# Targeted Financing Structure

US3+ Million  
funding through  
Convertible Note Issue  
being targeted

- ~US\$0.5 Million Convertible Note Tranche 1
- US\$2.5+ Million Convertible Note Tranche 2

## US\$3+ Million Convertible Notes (CN) Issue

- **36 months** before being redeemed or converted to shares
- Conversion price: **A\$0.18** per share
- Institutional and sophisticated investor placement
- **4%** interest rate
- **6 months** interest paid in arrears or compounded
- Unsecured

## ~US\$0.5 Million CN Tranche 1

- Using existing ASX capacity limits
- Targeted closing date of **November 16, 2018**

## US\$2.5+ Million CN Tranche 2

- Subject to Shareholder approval required to conversion dilution if outside existing ASX capacity limits
- Targeted closing date of **December 14, 2018**



# Investment Highlights For Significant Shareholders Value Creation

Significant pull from market to use  
CFOAM® products as substitution  
materials

Very large diversified addressable markets  
totaling US\$15+ Billion ensuring lower  
commercialization risk

Impressive management, momentum from  
company turnaround to growth strategy  
implementation

Strong state of West Virginia and local  
support for significant non-dilutive  
funding

High scalability of the technology: due to  
low share of variable costs  
and SG&As economies of scale

Thank you

**CFOAM LTD**

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