

ASX ANNOUNCEMENT

20 March 2019



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

PLACEMENT OF ORDINARY SHARES AT 22 CENTS EACH AND ISSUE OF 175,000 CONVERTIBLE NOTES

The Company has completed the issue of 681,818 ordinary shares at an issue price of 22 cents each and 175,000 convertible notes.

All issues have been made utilising the Company's existing Listing Rule 7.1 capacity and the purpose of the issues are to raise funds for working capital, early repayment of the promissory note commitment to Touchstone Research Laboratory Ltd, other loan repayments and Phase II expansion planning.

An Appendix 3B is attached.

SECTION 708A (5)(e) NOTICE

Issuer: CFOAM Limited

ABN: 46 611 576 777

The Issuer named above notifies ASX (as the operator of the prescribed financial market on which the securities identified below are or are to be quoted) under section 708A(5)(e) that:

- (a) the securities identified below were issued without disclosure under Part 6D.2 of the Corporations Act;
- (b) as at the date of this notice the Issuer has complied with the provisions of Chapter 2M as they apply to the Issuer and with section 674 of the Corporations Act; and
- (c) as at the date of this notice there is no information which is excluded information as contained in sections 708A(7) and 708A(8) of the Corporations Act.

| DETAILS OF THE ISSUE OF SECURITIES | |
|------------------------------------|-------------------------|
| Class of Securities: | Ordinary Shares |
| ASX Code of the Securities: | CFO |
| Date of the issue of Securities: | 20 March 2019 |
| Total number of Securities issued: | 681,818 Ordinary Shares |

ASX ANNOUNCEMENT

20 March 2019



For further details, please contact:

Toby Chandler

Director

E: tchandler@CFOAM.com

Todd Hoare

Director

E: thoare@CFOAM.com

Brian E. Joseph

Non-executive Director

E: bej@trl.com

Gary Steinepreis

Director

E: gsteinepreis@CFOAM.com

About CFOAM Limited

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

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

Important Notice

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

CFO does not undertake any obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of CFO, its directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect views held only as at the date of this announcement.

This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities by CFO. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision. By reviewing or retaining this announcement, you acknowledge and represent that you have read, understood and accepted the terms of this important notice.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

CFOAM Limited

ABN

46 611 576 777

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Ordinary Convertible Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 681,818 Ordinary 175,000 Convertible Notes |

Appendix 3B

New issue announcement

3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Ordinary – N/A

Convertible notes - The terms of the Convertible Notes are as follows:

- Term: 36 months from the date of issue;
- Interest: 4% per annum, payable six monthly, in arrears;
- Conversion: Convertible into fully paid ordinary shares in the capital of the Company (**Shares**) at AUD\$0.18 per Share*.
- *Note: As the face value of each Convertible Note is USD\$1.00, the calculation for the conversion of the Shares will be at the exchange rate, subject to a “floor price” of AUD\$1.00 = USD\$0.50 (**Floor Price**).

+ See chapter 19 for defined terms.

| | |
|---|--|
| <p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes – Ordinary shares</p> <p>No – Convertible notes: Ordinary shares issued on conversion of the Convertible Notes will rank equally with existing fully paid ordinary shares.</p> |
| <p>5 Issue price or consideration</p> | <p>Ordinary A\$0.22</p> <p>Convertible notes - The Convertible Notes have a face value of USD\$1.00 per Convertible Note</p> |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>To raise funds for working capital, early repayment of the promissory note commitment to Touchstone Research Laboratory Ltd, other loan repayments and Phase II expansion planning.</p> |
| <p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p> | <p>Yes</p> |
| <p>6b The date the security holder resolution under rule 7.1A was passed</p> | <p>30 November 2018</p> |
| <p>6c Number of +securities issued without security holder approval under rule 7.1</p> | <p>Nil.</p> |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| 6d | Number of +securities issued with security holder approval under rule 7.1A | Nil. | | | | |
|-------------|---|--|--------|--------|-------------|----------|
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | Nil | | | | |
| 6f | Number of +securities issued under an exception in rule 7.2 | Nil. | | | | |
| 6g | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. | Nil. | | | | |
| 6h | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | N/A. | | | | |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | 2,379,809 – LR 7.1 11,670,714 - LR 7.1A 14,050,523 | | | | |
| 7 | +Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B. | 20 March 2019 | | | | |
| 8 | Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable) | <table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>117,388,961</td> <td>Ordinary</td> </tr> </tbody> </table> | Number | +Class | 117,388,961 | Ordinary |
| Number | +Class | | | | | |
| 117,388,961 | Ordinary | | | | | |

+ See chapter 19 for defined terms.

| | | | |
|----|---|-----------|---|
| 9 | Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable) | Number | ⁺ Class |
| | | 450,000 | Incentive Performance Rights Plan |
| | | 6,250,000 | Incentive Performance Rights |
| | | 135,000 | Employee Incentive Options |
| | | 5,300,000 | Convertible Notes with a face value of USD\$1.00 per Convertible Note convertible to a maximum of 58,888,888 fully paid ordinary shares upon conversion by the noteholder at AUD\$0.18 per Convertible Note (subject to exchange rate noted in item 3 above). |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | N/A | |

Part 2 - Pro rata issue

| | | |
|----|--|---|
| 11 | Is security holder approval required? | - |
| 12 | Is the issue renounceable or non-renounceable? | - |
| 13 | Ratio in which the ⁺ securities will be offered | - |
| 14 | ⁺ Class of ⁺ securities to which the offer relates | - |

⁺ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- | | | |
|----|--|---|
| 15 | +Record date to determine entitlements | - |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | - |
| 17 | Policy for deciding entitlements in relation to fractions | - |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small> | - |
| 19 | Closing date for receipt of acceptances or renunciations | - |
| 20 | Names of any underwriters | - |
| 21 | Amount of any underwriting fee or commission | - |
| 22 | Names of any brokers to the issue | - |
| 23 | Fee or commission payable to the broker to the issue | - |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders | - |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting | - |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled | - |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | - |

+ See chapter 19 for defined terms.

| | | |
|----|---|---|
| 28 | Date rights trading will begin (if applicable) | - |
| 29 | Date rights trading will end (if applicable) | - |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | - |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | - |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | - |
| 33 | +Issue date | - |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought
- 39 +Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:
 - the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

+ See chapter 19 for defined terms.

| | |
|---|-----|
| <p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p> | N/A |
|---|-----|

| | Number | +Class |
|--|--------|--------|
| <p>42 Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)</p> | N/A | |

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Gary Steinepreis
Director
20 March 2019

== == == == ==

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|---|--|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue | 106,050,000 |
| <p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | <p style="text-align: center;">10,157,143 ratified 30 November 2018 (App3B-April 2018)</p> <p style="text-align: center;">500,000 approved at annual general meeting held on 30 November 2018 (App3B-December 2018)</p> <p style="text-align: center;">44,444,444 (being the maximum number of Shares to be issued on conversion of the 4,000,000 Convertible Notes)</p> <p style="text-align: center;">(44,444,444) (as approved by shareholders at a general meeting held on 20 December 2018)</p> |
| Subtract the number of fully paid +ordinary securities cancelled during that 12 month period | - |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | |
|---|---|
| “A” | 116,707,143 |
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 17,506,071 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | <p>12,500,000 (being the maximum number of Shares to be issued on conversion of the 1,125,000 Convertible Notes) – Feb 2019</p> <p>1,944,444 (being the maximum number of Shares to be issued on conversion of the 175,000 Convertible Notes) – March 2019</p> <p>681,818 – Placement 20 March 2019</p> |
| “C” | 15,126,262 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 17,506,071 |
| <p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p> | 15,126,262 |
| <p>Total [“A” x 0.15] – “C”</p> | <p>2,379,079</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p> |

+ See chapter 19 for defined terms.

Part 2

| Rule 7.1A – Additional placement capacity for eligible entities | |
|--|---|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | 116,707,143 |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | 11,670,714 |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | - |
| “E” | - |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A | |
|--|---|
| "A" x 0.10 <i>Note: number must be same as shown in Step 2</i> | 11,670,714 |
| Subtract "E" <i>Note: number must be same as shown in Step 3</i> | - |
| Total ["A" x 0.10] – "E" | 11,670,714 <i>Note: this is the remaining placement capacity under rule 7.1A</i> |

+ See chapter 19 for defined terms.