+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity CFOAM LIMITED ABN Quarter ended ("current quarter") 46 611 576 777 30 June 2019

Reporting is in US\$ being the functional and presentational currency

Con	solidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	17	1,299
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(344)	(1,335)
	(c) advertising and marketing	-	(43)
	(d) leased assets	(88)	(361)
	(e) staff costs	(454)	(1,882)
	(f) administration and corporate costs	(373)	(1,286)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	(22)	(165)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,264)	(3,771)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(9)	(1,533)
	(b) businesses (see item 10)	-	-

⁺ See chapter 19 for defined terms

Page 1

¹ September 2016

Con	solidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(9)	(1,533)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	107
3.2	Proceeds from issue of convertible notes	-	5,414
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(18)
3.5	Proceeds from borrowings	-	273
3.6	Repayment of borrowings	(569)	(2,081)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(569)	3,695

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,084	1,879
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,264)	(3,771)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(1,533)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(569)	3,695

⁺ See chapter 19 for defined terms 1 September 2016

Con	solidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(1)	(29)
4.6	Cash and cash equivalents at end of quarter	241	241

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	241	2,084
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	241	2,084

6.	Payments to directors of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to these parties included in item 1.2	5
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

There has been no remuneration paid to the non-executive Directors for the period. The remuneration has been accrued for the period 1 July 2018-30 June 2019 for non-executive directors

7.	Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	nclude below any explanation necessary to understand the transactions included in tems 7.1 and 7.2	
-		

1 September 2016

⁺ See chapter 19 for defined terms

8.	Financing facilities available Add notes as necessary for an understanding of the position	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1	Loan facilities	1,800	1,800
8.2	Convertible notes	5,414	5,414
8.3	Promissory notes	1,283	1,283

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Convertible notes - unsecured:

The Company has issued US\$5,414,000 of convertible notes with a face value of USD\$1 each. The principal terms are as follows:

- Term: The Convertible Notes will be issued on the Subscription Date and shall be converted or otherwise redeemed within 36 months of issue (Repayment Date).
- b) Conversion price: Each Convertible Note will be convertible into Shares at a conversion price equal to A\$0.18 per Share to satisfy the Face Value of the Notes in USD at the election of the Subscriber as follows:
 - i. using the exchange rate set at the Subscription Date; or
 - ii. the exchange rate set at the date of the Prepayment Notice or the Conversion Notice, with the exchange rate to be not less than A\$1.00 = USD\$0.50.
- c) Interest:
- Interest is payable on the Principal Amount from the Subscription Date until Repayment Date, unless the Convertible Notes are either redeemed or converted into Shares at a rate of 4% per annum (Interest Rate).
- ii. Interest will be calculated monthly and payable six monthly in arrears (Interest Payment Date), accruing daily on the basis of a year of 365 days.
- iii. Interest must be paid by the Company to the Subscriber no later than 10 Business Days after the relevant Interest Payment Date.
- iv. The Subscriber may elect for the interest to be compounded on a six monthly basis. For the avoidance of doubt, if the Subscriber elects to compound the interest then this amount is added to the Principal Amount
- d) Conversion:
 - After a fixed period of 12 months and at each 6 month period thereafter and prior to the Repayment Date, at the election of the Subscriber by written notice to the Company (**Conversion Notice**), the Convertible Notes may be converted in whole or in part into Shares at the Conversion Price (the **Conversion Shares**).
- e) Redemption
 - Where any Convertible Notes remain not converted or redeemed on the Repayment Date, the Convertible Notes will be redeemed for their Face Value (plus any unpaid interest) as at the Repayment Date (**Noteholding Balance**).

The convertible notes also contain standard terms for early redemption, non-subordination and actions in the event of default.

Assets pledged as security:

Under the Asset Purchase Agreement, as amended, promissory notes remaining issued are as follows:

- (i) Original US\$800,000 promissory note with a term of 5 years and an interest rate of 3% per annum, and which is secured by a first lien security interest over the Assets. Payable monthly on a reducing principal basis. Current balance at 30 June 2019 is US\$383,509.
- (ii) Original US\$2,350,000 promissory note which will accrue interest at 2% per annum and be secured by a second lien security interest over the Assets. This promissory note and any accrued interest is payable as follows:
 - (A) US\$450,000 plus all unpaid accrued interest was paid on or before 15 January 2019;
 - (B) US\$500,000 was paid on or before 28 February 2019;
 - (C) US\$500,000 was paid on or before 15 April 2019; and
 - (D) US\$900,000 plus all unpaid accrued interest will be paid in full on or before 15 December 2019.

Current balance at 30 June 2019 is US\$900,000.

Loan facility - Secured:

Loan facility – Secured:			
•	Balance at 30		
	June 2019	Total Facility	
	US\$	US\$	
			Interest rate
Secured Ioan - West Virginia Economic Development			
Authority (WVEDA)	1,200,000	1,200,000	3.46%
Secured Ioan - Summit Community Bank	600,000	600,000	6.58%
	1,800,000	1,800,000	

1 September 2016

9.	Estimated cash outflows for next quarter	\$US'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs	300
9.3	Advertising and marketing	10
9.4	Leased assets	80
9.5	Staff costs	420
9.6	Administration and corporate costs	280
9.7	Other-capital and promissory note repayment and interest	160
9.8	Total estimated cash outflows	1,250**

^{**} the above does not take into account expected cash receipts from sales in the quarter or any other potential future capital/equity/debt receipts.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Signed electronically by a Director Date: 31 July 2019

Print name: Gary Steinepreis

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

1 September 2016 Page 5

⁺ See chapter 19 for defined terms