

Companies Announcement Office
ASX Limited
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CFOAM LIMITED ANNOUNCES PROPOSED STRATEGIC US\$ TRANSACTION WITH NYSE-LISTED CONSOL ENERGY INC, AND FINALISATION OF CONCURRENT A\$ PLACEMENT

Proposed Corporate Transaction:

The Board of CFOAM Limited (ASX: CFO) is pleased to announce that it has signed a non-binding terms sheet, which is subject to a number of standard conditions precedent including board, regulatory, shareholder approvals and consents (if required), an agreed budget and shareholder's agreement, with CONSOL Energy Inc. (CONSOL) whereby CONSOL **will invest US\$1.4 million for a 10% direct-equity interest in CFOAM Corp, valuing the Company at US\$14 million, or circa-A\$21 million at the present AUD spot rate.** CFOAM Corp is being incorporated as part of the previously announced restructure of the CFOAM Group to allow for a direct investment by USA-domiciled strategic investors, including both key investment funds and strategic companies, as well as state and Federal US Governmental bodies. The intention of the parties is to complete the formal binding transaction documents and settlement of the investment, and term loan (see below), by 30th September 2019.

CONSOL has also agreed to provide **a term loan of US\$1.1 million** to directly support the operations of CFOAM LLC. Therefore, this represents an overall investment commitment of US\$2.5 million to the CFOAM Group business. CONSOL will also, as part of the investment, provide important strategic direction and corporate advice on the CFOAM LLC business, and will also appoint a director to the CFOAM Corp Board.

Importantly, CFO Management is now proceeding with the internal restructure to establish the US-domiciled (Delaware incorporated) CFOAM Corp as a holding company of the US-operations. This is a necessary pre-cursor to obtaining funding from, and establishing key strategic relationships with, major US institutions. The Company is of the view that the maintenance of an ASX-listing is now considered to be a key component of CFO's ongoing operations.

Commenting on the proposed transaction, Gary Steinepreis, Non-Executive Chairman of CFOAM Limited, said "We are extremely pleased to have attracted a strategic investor of the calibre of CONSOL, subject to completion of the formal transaction documents. They are a large, successful and diversified coal company who recognise the strategic value of CFOAM®

products and are willing to support CFOAM® as an alternative use for coal and provide the Company with the support it requires as part of the planned growth strategy. We look forward to working with CONSOL, and welcome them as a key strategic investor to the CFOAM group.”

About CONSOL Energy Inc.

CONSOL Energy Inc. (NYSE: CEIX) is a Canonsburg-based producer and exporter of high-Btu bituminous thermal and crossover metallurgical coal. It owns and operates some of the most productive longwall mining operations in the Northern Appalachian Basin. CONSOL’s flagship operation is the Pennsylvania Mining Complex, which has the capacity to produce approximately 28.5 million tons of coal per year and is comprised of 3 large-scale underground mines: Bailey, Enlow Fork, and Harvey. The company also owns and operates the CONSOL Marine Terminal, which is located in the port of Baltimore and has a throughput capacity of approximately 15 million tons per year. In addition to the ~698 million reserve tons associated with the Pennsylvania Mining Complex, the company also controls approximately 1.6 billion tons of greenfield thermal and metallurgical coal reserves located in the major coal-producing basins of the eastern United States.

Placement:

Additionally, CFOAM Limited has received commitments from existing major shareholders and sophisticated investors for **19,050,000 shares at an issue price of 10.5 cents per share**, together with **4,762,500 options exercisable at 15 cents each and expiring on or before 15th August 2022**, thereby being issued on a 1 for 4 basis, to raise a further **\$A2,000,250 (Placement)**. Existing CFO shares on issue, prior to the Placement, stand at **117,388,961 shares**.

To effect the Placement, 3,787,455 shares and 3,294,643 options will be issued under Listing Rule 7.1, and 9,391,117 shares will be issued under Listing Rule 7.1A, with settlement expected to be on or around **15th September 2019**. The remaining 5,871,429 shares and 1,467,857 options will be issued, subject to shareholder approval (expected during October 2019), to **related parties being Gary Steinepreis, Todd Hoare and, former director, Toby Chandler**.

The funds will be utilised for:

- continued planning, scoping and development work required to commit to the Company’s next-stage major platform expansion plan
- Engagement with other potential strategic partners and investors, including US Governmental bodies and major US enterprises
- To assist in the further build-out of the sales and business development platforms
- Support for the production platform operating activities and maintenance
- Payment of creditors and normal working capital requirements

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Of note, the total funds raised in the Placement were secured solely from existing key investors, and long-term supporting brokers representing strategic clients, many of whom have been shareholders since the Company's IPO in Q4-2016. Related parties of the Company, representing senior management and the Board, were major participants in the Placement, with over A\$550,000 committed, subject to shareholder approval.

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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.

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