

Companies Announcement Office
ASX Limited
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SETTLEMENT OF THE STRATEGIC US\$5,000,000 TRANSACTION WITH NYSE-LISTED CONSOL ENERGY INC (CEIX).

The Board of CFOAM Limited (ASX: CFO) is pleased to announce that settlement has occurred with CONSOL Energy Inc. (CONSOL) for a strategic equity and debt investment in the Company.

CONSOL has made an investment of US\$5 million to the CFOAM Group business. CONSOL will provide important strategic direction, Board representation and corporate advice on the CFOAM LLC business and play an integral role in the business development of CFOAM's core products.

This key investment parameters are summarised as follows:

- CONSOL has invested US\$3.5 million for a 25% 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 was incorporated as part of the previously announced restructure of the CFOAM Group and owns CFOAM LLC, the operating business.
- US\$3.25 million plus accrued interest of the direct-equity investment funds have been used to repay the CFO convertible note held by Drake Private Investments LLC (Drake) with the balance being used for working capital, which has reduced CFOAM's debt obligations and strengthened its balance sheet.
- CONSOL also acquired the secured US\$400,000 promissory note in CFOAM LLC from Drake.
- CONSOL has provided a term loan of US\$1.1 million to directly support the operations of CFOAM LLC.
- CFO contributed US\$605,000 to CFOAM Corp.
- To fund the US\$605,000 and further working capital, CFO received binding commitments from existing major shareholders and sophisticated investors on a converting loan basis for A\$948,850 (11,860,625 ordinary shares at A\$0.08 each). The funds have been converted into ordinary shares at an issue price of \$0.08 each with the exception of related party participation, for which the conversion is subject to shareholder approval. Brian Joseph (A\$150,000) and Todd Hoare (A\$51,550) participated in the converting loan, and these conversion shares are subject to shareholder approval.

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- 9,341,250 ordinary shares have been issued at A\$0.08 using the existing placement capacity under Listing Rule 7.1A with the related party participation being subject to shareholder approval.
- The CFOAM Group will therefore have working capital funds and term loan of a total of approximately US\$1.85 million to fund on-going operations on an agreed budget basis.

Commenting on this significant development, President and CEO of CFOAM LLC, Flemming B. Bjoernslev: *“This investment represents a milestone for CFOAM - CONSOL’s proven business success in the energy sector, as a supplier of high quality metallurgical coal, supplements CFOAM target of becoming a true player in the material science industry.”*

Chairman, Gary Steinepreis, added: “We believe this transaction represents a significant turning point in the Company’s history. The business development pipeline continues to broaden and we are confident of updating shareholders on a number of initiatives to this effect in the short term. The ability of the CFOAM management team to leverage CONSOL’s experience across a range of important variables – process engineering, automation, metallurgical chemistry, supply chain logistics, accounting and finance – not to mention experience in navigating the necessary considerations required for future capacity expansions, was an important component in our willingness to pursue this investment.”

This ASX release has been approved for release by Gary Steinepreis on behalf of the Board of Directors

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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

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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.

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 automotive applications for energy absorption and fire resistance are also expected to 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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