

Companies Announcement Office
ASX Limited
Level 6, 20 Bridge Street
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Q4-2020 COMPANY UPDATE

CFOAM Limited, CFOAM Corp (75% owned by CFOAM Limited, 25% owned by CONSOL Energy Inc) and its operating entity CFOAM LLC, Triadelphia, West Virginia, (CFOAM) wish to provide the following update for period ended 30 June 2020

SUMMARY OF Q4

- Quarterly Cash Flow and Cash Position
- Operational Platform update
- Research & Development
- Strategic Initiatives
- Corporate matters

QUARTERLY CASH FLOW AND CASH POSITION

- Current CFOAM group cash @ 30 June 2020: US\$417,000
- Strongest Sales quarter for FY2020: US\$325,000 in sales, which is a significant increase from the \$US73,000 in sales achieved in the March quarter
- CFOAM products sold to 17 different organisations
- Sales margins increased by 6% over the quarter, suggesting that customers view the product as a value-add to their business
- Operational costs continue to be maintained
- CFOAM successfully applied for the Paycheck Protection Program (PPP) and received an amount of US\$293,400

SALES ACTIVITY AND PIPELINE

Although the quarter was significantly disrupted by COVID-19, the Company is pleased to report that the June Quarter was the strongest sales quarter for the FY20 year and the strongest since the March 2019 quarter. In the context that no on-site sales visits were possible, customer operations were significantly curtailed and business uncertainty was high, this gives the Board optimism that we can repeat, and exceed, this result once some normality is resumed.

Pleasingly, the business was able to sell product to 17 different organisations over the quarter including Touchstone Advanced Composites, Applied Composites and Composites One. It is hoped that not only can we capture more repeat business from these customers, but as they

move through the validation and testing phases, the size of their purchases will also increase. Importantly, for the core CFOAM30 product, the average selling price rose by ~6% over the quarter, suggesting that customers view our product as value add and that functionality and consistency is more important than pricing.

A large number of organisations in various industries continue to explore and test CFOAM for a variety of applications and as these matters progress, we hope to update shareholders accordingly.

OPERATIONAL PLATFORM UPDATE

- Production: 15 autoclave runs and 1,644 panels were completed.
- Inventory: The inventory has been reviewed and has reduced during the period through product sales and scrap.
- Maintenance: the preventative maintenance work continues on the operating plant and equipment.
- Diversified revenue streams have commenced with Parr runs, Pulverized Coal and Spheres being sold.

RESEARCH & DEVELOPMENT

During the quarter, the CFOAM team made strides in developing carbon foam that can be manufactured at atmospheric pressure, production of higher thermal conductivity carbon foam through introduction of graphite and production of fine porosity carbon foam. Patent applications Low Cost Thermally Conductive Carbon Foam for Tooling and Other Applications (20200115285) and Method for Pore Stabilized Carbon Foam (20200115232) have recently published through the USPTO.

STRATEGIC INITIATIVES

In April 2020, the Department of Energy (DOE) and the Office of Fossil Energy (FE) jointly announced a Financial Assistance and Funding Opportunity (FOA) for Coal-Derived Materials Applicable for Building, Infrastructure and Other Applications with proposals due by 14 July 2020.

CFOAM is pleased to advise that it has lodged a proposal as lead investigator in response to this FOA under their Area of Interest 4, Coal-Derived Carbon Foam Produced via a Continuous Process; our proposal was entitled "Continuous Processing of Carbon Foam Products Made from Coal at Atmospheric Pressure." CFOAM understands that a decision will be made on the successful applications by October 2020 with the award of the contract to be finalised in December 2020. CFOAM also partnered with Ohio University as lead investigator and CONSOL Energy under Area of Interest 1, Coal-Derived Components for Residential or Commercial

Buildings with a proposal entitled Coal Derived Alternatives to Fiber-Cementitious Building Materials.

The Advanced Coal Processing Program is focused on the conversion of coal into value-added products, outside of traditional thermal and metallurgical markets, that can contribute to the U.S. gross domestic product and provide a stable and sizable market for U.S. coal production. For the Advanced Coal Processing Program, this FOA seeks applications to conduct research and development on coal-derived materials for residential/commercial buildings, infrastructure, and high-value products. This includes supporting research and development to migrate from batch manufacturing to continuous manufacturing of coal-based building materials. The FOA will also support the design, R&D and validation of a prototype carbon-based building.

CORPORATE MATTERS

On 8 April 2020, shareholders ratified and approved the conversion of all outstanding convertible notes, including a director related entity, related party converting loans and also the conversion of director and former director fees into ordinary shares for the period up to 30 June 2019.

CFOAM made a successful application for the Paycheck Protection Program (PPP) for an amount of US\$293,400. The Paycheck Protection Program loan provides a direct incentive for small businesses to keep their workers on the payroll. SBA (U.S. Small Business Administration) will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities. CFOAM has complied with the PPP and will be making an application for loan forgiveness in the coming quarter.

CFOAM continues to investigate other financial support packages from regulatory authorities.

CONCLUSION

The COVID-19 disruption has impacted the timelines for decisions and slowed down the pipeline of opportunities. However, the Company remains confident that these opportunities have been deferred rather than lost. CFOAM sales revenue was strong in the June quarter and the team is working hard to repeat these sales and continue to diversify the revenue base. CFOAM is playing its role in providing support to the broader coal industry, defense industry and commercial aviation/aerospace sectors at this difficult time.

CFOAM appreciates the support of CONSOL in navigating the U.S. system and both parties continue to work to create a viable long-term platform.

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

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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 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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