

Companies Announcement Office
ASX Limited
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NEW INVESTMENT OPPORTUNITY AND FUNDING UPDATE

CFOAM Limited (**CFO**) is pleased to announce it has entered into a conditional agreement to invest A\$1,550,000 to acquire a strategic 10.24% interest in Innovaero Technologies Pty Ltd (Innovaero), an Australian Aerospace and Defence Technology business.

The agreement is conditional upon CFO completing a new equity raising for a minimum of A\$3,000,000, due diligence, ASX approvals if required and other standard conditions for an agreement of this nature. CFO will be granted an anti-dilution right to maintain its 10.24% holding for a period of 12 months on standard terms and conditions.

CFO will also be offered the right to participate in any third party investment proposal for an equity investment in Innovaero for a period of 12 months from the Settlement Date but the final decision on that participation is at the discretion of Innovaero. CFO will not be entitled to board representation in Innovaero on the completion of the investment.

To complement this investment, CFO and Innovaero are also discussing ways where CFOAM can be used for tooling and other components in Innovaero's technology developments.

Innovaero Highlights

- High quality mature business with existing recurring revenue
- World-class proven aeronautical technology management team with proven commercial track record including development of the key technologies for both Nearmap (ASX:NEA) and Spookfish (ASX:SFI)
- Innovaero remains a strategic supplier to US based Eagleview who acquired Spookfish in 2018
- Extensive research & development program in place to target multi-billion-dollar opportunities
- Multiple contract opportunities in Defence with UAS (Drone) based applications
- Partnerships with World leading OEM's to deliver state of the art offerings
- Australian Government Defence capability investment ~\$270B through to 2029-30 with strong focus on Australian sovereign suppliers
- Has significant competitive advantage based on Government announced focus on development of sovereign defence capability

Further details of Innovaero are contained in the attached presentation.

Commenting on the proposed investment, CFOAM Chairman Gary Steinepreis *"The Board is excited to have discovered an Australian business where CFOAM's products can be considered by Innovaero across their technology platform. As an operating business, the investment in Innovaero provides an attractive entry level to a world class opportunity and further diversification for CFOAM shareholders."*

Innovaero CEO Simon Grosser commenting on the CFOAM investment *"We are pleased to have attracted CFOAM as a significant shareholder as it enters its next phase of growth, particularly in the unmanned aerial system (UAS) space. CFOAM also offers many unique properties which could be highly complimentary in our aerospace technology development."*

CFO proposes to fund this investment opportunity and commitment to CFOAM LLC, as announced on 1 September 2020, as follows:

- CFO will undertake a renounceable rights issue of 4 Shares for every 3 Shares held by shareholders at an issue price of \$0.015 (1.5 cents) per Share to raise up to approximately \$3,843,481 (**Rights Issue**).
- CFO has received binding commitments from investors on a converting loan basis for the amount of A\$400,000 to cover its 31 October 2020 commitment of US\$229,133 to CFOAM CORP and for general working capital. \$200,000 of the funds will be converted into ordinary shares at an issue price of \$0.015 each, being the same price as the entitlement offer to shareholders and being 13,333,333 ordinary shares, using the existing placement capacity under Listing Rule 7.1 with the exception of related party participation, where \$200,000 of conversion is subject to shareholder approval. Oakhurst Enterprises Pty Ltd, an entity associated with Gary Steinepreis has committed up to \$200,000 as a participant in the converting loan, subject to shareholder approval for up to 13,333,333 ordinary shares. If shareholder approval is not received the funds are immediately repayable.

Key information about the Rights Issue

1. The Rights Issue is renounceable which means that "right" to the entitlement to Shares under the Rights Issue will be tradeable on ASX.
2. The Rights Issue is being conducted under section 713 of the *Corporations Act 2001* (Cth) as a transaction specific prospectus for an offer of continuously quoted securities. Eligible Shareholders will be entitled to receive a disclosure document relating to the Rights Issue (**Offer Document**) and a personalised entitlement and acceptance form.
3. An application for Shares under the Rights Issue may only be made by completing the entitlement and acceptance form which accompanies the Offer Document.

Shareholders eligible to participate in the Rights Issue should read the Offer Document carefully and consult professional advisers as necessary.

4. The proceeds of the Rights Issue will be used primarily for the commitment to the CFOAM LLC business and the investment in Innovaero plus administration costs and general working capital, including trade creditors and accruals. The Directors reserve the right to vary the proposed use of funds to maximise the benefit to shareholders.
5. Shares issued under the Rights Issue will rank equally with existing Shares on issue on the record date. The Company will make application for official quotation of the Shares proposed to be issued under the Rights Issue.
6. Shareholders who do not take up all or any part of their entitlement or who do not or are not able to sell their rights will not receive any payment or value in respect of the entitlement not taken up or rights not sold and their equity interest in the Company will be diluted.
7. The Rights Issue is not underwritten.

Capital Structure

As at the date of this announcement, the Company has 192,174,026 Shares on issue.

The maximum number of Shares to be issued under the Rights Issue is approximately 256,232,035.

At the conclusion of the Rights Issue, the total number of issued Shares in the Company will be up to a maximum of 448,406,061.

Offer Document

The Company is in the process of completing the Offer Document and this will be lodged with ASX shortly. At that time, the Company will confirm the timetable for the Rights Issue, including the relevant record date.

Advisor

The Company has appointed Pamplona Capital Pty Ltd, a Corporate Authorised Representative of Symmetry Group Pty Ltd ACN 159 449 368 (AFSL 426 385), to assist in the Capital Raising and on-going services. Pamplona Capital introduced the Innovaroo opportunity to CFO. The Company agrees to:

- (a) Subject to and conditional on a capital raise with a minimum of A\$3,000,000, pay Pamplona \$5,000 (plus GST) per month a mandate fee for 12 months, with the option to extend by mutual agreement, with an effective date of 1st September 2020;
- (b) 6% fee (plus GST) on any funds raised by Pamplona and/or its associates during the term.



- (c) Subject to and conditional on a capital raise with a minimum of A\$3,000,000, 20 million options issued to Pamplona Capital Pty Ltd or parties nominated at an exercise price of 3 cents each with a 3 year expiry date from the date of issue. 15 million options will be issued using the existing placement capacity under Listing Rule 7.1 and 5 million options subject to shareholder approval.

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

For further details, please contact:

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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.

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

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8 October 2020



forward looking statement. The forward looking statements in this announcement reflect views held only as at the date of this announcement.

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INNOVAERO OVERVIEW

Innovators in aeronautical technology

Introducing ...

Innovators in Aeronautical Technology

Innovaero Technologies is a leading-edge aeronautical technology company, specializing in:

- ▶ CASA & FAA-certified, end-to-end aeronautical technology development.
- ▶ Manufacturing of complex aeronautical products and systems, with emphasis on integration of aerial imaging and survey systems
- ▶ Development and deployment of State-of-The-Art unmanned aircraft system with a range of high-end commercial, border security and military applications
- ▶ Development of a new generation of Intelligence, Surveillance & Reconnaissance (ISR) systems for the unmanned world.
- ▶ Supporting airborne technologies with operations management, data processing systems and through life product support services.

Proven Management Team



Mike von Bertouch – Managing Director & Chief Innovation Officer (CIO)

- ▶ **Specialisation** - Aerospace & Mechanical Systems Engineer, Designer & Developer of innovative technologies.
- ▶ **Experience** - experience is in a diverse range of industries and fields encompassing marine seismic and towed array sonar products, aircraft design and manufacturing, industrial processing equipment development, counter-terrorism training facility and equipment development, aircraft modification/repair design and aerial survey camera development.
- ▶ **Nearmap** – developer of all the initial airborne technology. Now a \$1B ASX Listed company (ASX:NEA).
- ▶ **Spookfish/Eagle View** – Designer/developer of camera systems for Spookfish (ASX:SFI) which was acquired by EVT for \$140M in 2018.



Simon Grosser - CEO

- ▶ **Specialisation** - Composites industry.
- ▶ **SP Systems/Gurit** - Managing Director for SPSystems Australasia (now Gurit) boat building using composite construction technologies. Grew the company from a small start-up to a global leader servicing the Australian and Asian markets. One of the largest global suppliers of composite materials and technology for large wind turbine blades.
- ▶ **Premier Composite Technologies** - Chief Operating Officer, guiding the organisation to grow from 500 to almost 3,000 employees, with activities in Civil Engineering, Marine, Rail, Aerospace and Automotive markets.



Adam Kelly – Airborne Systems Manager

- ▶ **Specialisation** - Intelligence, Surveillance and Reconnaissance (ISR) systems integration.
- ▶ **Military Career** - 19-year Army Technical Maintenance, Special Operations and Signals and Information Systems.
- ▶ **Australian Federal Police** - International Deployment Group, 5 years High-Tech Crime Technical and Surveillance Operations.
- ▶ **Department of Defence** - embedded contractor ISR technical capability development.
- ▶ **Omni Executive** - Head of Design and Engineering Manager - establishment of an Airborne ISR Engineering capability.
- ▶ **New Learning** - robotics and autonomous systems development - Degree in Mechatronic Engineering (near completion).

Capabilities



Core Capability

Complex multi-disciplinary product development specialists, providing end-to-end sovereign capability. From R&D, through to in-service support in aerospace, aviation (general and commercial) and defence, with an emphasis on complex role equipment development.

Capability Description

Engineering expertise in concept and detail design, structural analysis, CFD analysis, rapid prototyping, manufacture, testing, in-service support and regulatory certification (CASA and FAA).

Manufacture includes machining and routing of metallic parts, layup of advanced composite parts including pre-preg filament winding, cable & assy, PCB manufacture, final assembly and product bench testing.



Key Customers

In the aerial imagery industry, we have supplied to EagleView in the USA, the largest global aerial imagery provider and have become their sole source supplier of aerial image capture systems.

Prior to the Spookfish system, Innovaero developed the Nearmap airborne technology which remains in service.

Key Partners

- Momentum Aeronautics LLC
- Thomson Design
- Plus approx. 30 other specialist service and manufacturing vendors

Company Information

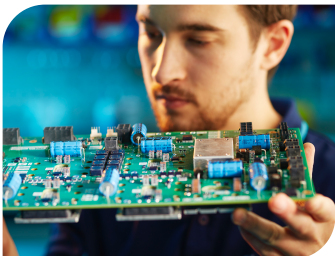
No. of employees	25 FTE
Currently exporting	Yes

Quality Certifications

- CASR 21G
- CASR 21K
- CASR 21M
- CAR 30
- CASR 21.120B
- CASR 21J 2020 (followed by DASR 21J)
- CASR 145 early 2021

Competitive Discriminators

Innovaero has the unique ability to provide full turn-key services to our customers to get products from thought-bubble all the way through to manufacture and certification to allow easy and quick access to markets so they can make a profit from their investments. We are simple a one-stop shop to market success in the aeronautical product field.



Innovaero is a world-class aeronautical product design, certification and manufacturing industry leader, with a proven record of delivering significant outcomes for clients in Australia and the United States.

Proven performance, ongoing revenue

Aviation

- ▶ **Strong underlying revenue** – established long term supply and R&D partnership for US export orders
- ▶ **Aerial camera system development** – Nearmap and Spookfish; each at the time regarded as the world-leader in aerial survey technology. Subsequently:
 - ▶ Nearmap, a \$1B listed company (June 2020).
 - ▶ Spookfish acquired by Eagleview for \$140m.
- ▶ **Replacement part manufacturing** – Qantas Fokker F100 fleet.
- ▶ **Modification part manufacturing** – geophysical survey systems, cabin interior parts, role equipment installation parts

Defence

- ▶ **Holsworthy Special Forces Training Facility** – ballistic protection design, manufacturing and installation to a world-class \$70M state-of-the-art facility.
- ▶ **Combat Systems Data Recorder** – development for Raytheon for submarine combat system upgrade.
- ▶ **Counter-terrorism aircraft mockup** – engineering support for upgrade projects to the full-size A380 aircraft at RAAF Pearce used for special forces training.

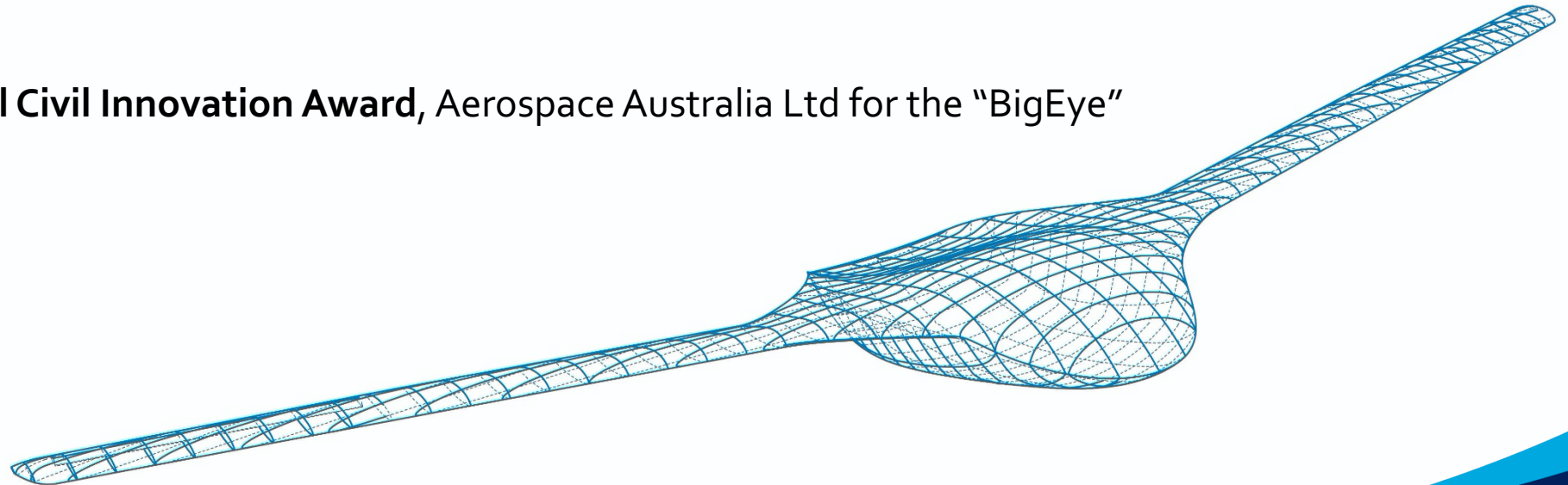


Australian Government
Department of Defence



Multi-Award Winning

- ▶ **2016 Engineering Excellence Award**, Engineers Australia WA Division in the category of Small Business Project for the “Spike” aerial camera system
- ▶ **2016 Honourable Mention, Engineering Excellence Awards**, Engineers Australia WA Division
- ▶ **2018 Engineering Excellence Award**, Engineers Australia WA Division for the “Big Eye” camera system
- ▶ **2019 Avalon Innovation Award for Aeronautics and Counter Drone Technology**, Aerospace Australia Ltd
- ▶ **2019 Avalon National Civil Innovation Award**, Aerospace Australia Ltd for the “BigEye” camera system



Manned Aircraft Development Activities

Eagleview Technologies LLC ongoing development

- ▶ Ongoing R&D
- ▶ Certification
- ▶ Manufacturing
- ▶ Product support



Survey industry system development and manufacture

- ▶ Australian survey company technology development
- ▶ European and US opportunities

Military/Border Security systems

- ▶ Multi-sensor ISR system development for B350 surveillance aircraft
- ▶ Specific Indo-Pacific export opportunity under investigation



Note: the above opportunities may be based on 5D-TUAS or alternative platforms to suit task.

Unmanned Aircraft Development Activities



- ▶ Innovaero is developing a high performance, versatile Tactical Unmanned Aircraft System (TUAS) with payload and range capabilities that enable it to fulfil multiple missions across defence, domestic security, public safety and commercial applications.
- ▶ The system incorporates an open architecture enabling broadest integration of third-party payloads, sensors, communications and control sub-systems.
- ▶ Feasibility and risk reduction phases complete, production of initial flight test articles well underway.
- ▶ Design and configuration represent significant advances in TUAS capability addressing signature reduction, reliability, endurance and payload capacity.
- ▶ It is a highly competitive product with respect to current market offerings and proposed future military TUAS acquisition capability requirements.

Unmanned Aircraft Opportunities



Civil/commercial

- ▶ Humanitarian Aid and Disaster Relief Operations – remote area search, surveillance, damage assessment and reporting; emergency food and medicine supply, telecommunications infrastructure and radio communications link services.
- ▶ Remote sensing for use in agriculture and environmental management.
- ▶ Complimentary land and maritime search and rescue services.
- ▶ Medicine and medical equipment delivery services.
- ▶ Prescribed Burn and Forest Management, both in Australia and many export jurisdictions

Security

There are significant opportunities in the Tactical/Maritime Unmanned Aerial System space:

- ▶ Border protection
- ▶ Military
- ▶ Indo-Pacific export opportunities

Right time ... Right place

Currently there is a once-in-a-generation confluence of events and external factors leading to major market opportunities in Defence, Public Security and Public Safety

Driven By:

- ▶ **External factors** – uncertain security environment, border challenges, climate change/bushfires and floods, Covid-19, supply chain disruption.
- ▶ **National response** – increased defence and surveillance capability, border enforcement, independence, local capability.

Leading To:

- ▶ Significant Government support for sovereign Defence industry capability (Australian defence procurement expenditure anticipated to be \$270 billion over next 10 years *).
- ▶ Shift to autonomous land, air and sea craft.
- ▶ Strong market appetite for products and solutions using innovative next generation aerospace platforms

Innovaero is actively seeking to capitalise on these current opportunities.

Summary

- ▶ Solid core operating business
- ▶ World-class experienced and proven team to execute, underpinning future success
- ▶ Multiple opportunities using existing technology and future drone deployment and management
- ▶ Substantial R&D Tax Incentives anticipated for 2020 and subsequent years
- ▶ Target rich markets, both domestically and internationally
- ▶ Sovereign procurement expenditure anticipated to be \$270 Billion
- ▶ By virtue of its current position, activities to date and its contacts in Aeronautics, Aerospace, Government Defence and public security markets, Innovaero is uniquely positioned to exploit the current landscape