

Companies Announcement Office
ASX Limited
Level 6, 20 Bridge Street
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CONDITIONAL SALE OF BUSINESS TO CONSOL ENERGY INC.

CFOAM Limited (ASX:CFO) advises that it has entered into a conditional agreement for the sale of its 74.34% interest in CFOAM Corp to CONSOL Energy Inc. for US\$1,000,000.

CFOAM Corp is currently 74.34% owned by CFOAM Limited and 25.66% owned by CONSOL Energy Inc. CFOAM Corp owns the operating entity CFOAM LLC, located in Triadelphia, West Virginia.

Closing of the transactions set forth in the agreement is conditioned on standard conditions including but not limited to CFOAM Limited shareholder approval under Listing Rule 11.2 of the ASX Listing Rules (see below) and critically, a full release of any parent company guarantees provided by CFOAM Limited to the USA domiciled entities, CFOAM Corp and CFOAM LLC, as well as any required third-party consents to the transactions. CONSOL Energy Inc. has agreed to fund the CFOAM Corp and CFOAM LLC business during the period from the signing of the agreement to settlement up to the amount of US\$300,000. In the event that the proposed sale does not complete then this funding may be converted to equity in CFOAM Corp increasing CONSOL Energy Inc.'s ownership interest to up to 39.21% (on the basis that US\$300,000 is the amount of the working capital loan).

The decision to sell the business has been difficult but, given the challenges of distance, time to commercialise, immediately due debt obligations and limited support from equity markets, the Directors believe it is in the best interests of shareholders to accept this sale of this business and continue to look for new opportunities for investment.

CFOAM Corp will have the financial and managerial support from CONSOL Energy Inc. to progress the USA domiciled business in a timely manner. CFOAM Limited wishes to thank the employees of CFOAM LLC led by Rudy Olson for their efforts and work to progress the business during these difficult conditions.

ASX Listing Rules:

A disposal by a listed entity of its main undertaking can raise issues under ASX Listing Rule 12.1 and 12.2, which oblige a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient, and its financial condition adequate, to warrant its continued quotation of its securities.

ASX have advised that CFO will be afforded a period of 6 months from the date of the announcement of the disposal of its interest in CFOAM Corp to demonstrate to the ASX that it is compliant with Listing Rule 12.1. The ASX also advises that if CFO does not demonstrate

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compliance with this Rule to ASX's satisfaction by the 6-month anniversary, ASX will suspend trading in CFO's securities.

The consequences of a disposal of the main undertaking are that any transaction CFO proposes to enter into may, if required by ASX, attract the application of Listing Rule 11.1.3 and as a result the Company may, if required by ASX, be required to re-comply with Chapters 1 and 2 of the Listing Rules.

Please refer to ASX Guidance Note 12: Significant Change to Activities which provides further information on significant changes to activities and how the Listing Rules apply to those changes.

A Notice of Meeting has been prepared with the shareholder meeting scheduled to occur on 10 August 2022.

Innovaero:

In addition to the CFOAM USA domiciled business, CFOAM Limited owns a 10.24% equity investment in Innovaero Technologies Pty Ltd (**Innovaero**) which at cost is A\$1.55 million and, as part of an Innovaero convertible note raise, invested A\$1.975 million for a total investment of A\$3.525 million. The convertible note conversion is subject to 30% discount to an IPO valuation. CFOAM Limited's current interest will increase from 10.24% to up to 17%, subject to the valuation conversion.

Innovaero is rapidly developing solutions for the Australian Defence market and the Australian Government is set to invest AUD\$270bn in Australian Defence Force (ADF) capability and infrastructure over the next ten (10) years as part of the *2020 Defence Strategic Update and Force Structure Plan* (the Plan), which is a key target market for Innovaero.

The Australian government has mandated that all Defence tenders, where possible, must include Australian Sovereign content and we believe Innovaero is well placed with its domicile and unique skill set to address this demand.

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.

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 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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