

30 July 2018



Companies Announcement Office  
ASX Limited  
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## **Completion of Pivotal Phase 1 Expansion Project & Successful Kiln Commissioning and Start-Up**

Triadelphia, WV, USA: CFOAM Ltd (**CFO** or **the Company**), via its wholly owned subsidiary CFOAM, LLC, is pleased to report that it has successfully commissioned and started up its new high-capacity kiln. The new kiln, the cost of which represents more than 80% of the \$US2.2 million total cost of the Phase 1 expansion program, brings the Company's maximum production capacity to 25,000 cubic feet of CFOAM® products per year.

Other capital investment items, including some new panel cutting and finishing equipment, have already been installed and are being successfully operated. The overall Phase 1 program will be fully closed once the last expenses being incurred in the implementation of a new ERP system are finalized, around the end of July.

In summary, the Phase 1 expansion project has been on-budget and ahead of schedule by almost a full month. The increased capacity will now enable CFO to more aggressively pursue the significant sales growth opportunities it has generated over the last few months, particularly those with strategic customers in composite tooling.

The capital outlays for this program have been fully funded by the West Virginia Jobs Investment Trust ("WVJIT") and Summit Community Bank ("Summit"). Post-project closing at month end, the Company will receive the \$US1.2 million low-interest loan provided by the West Virginia Economic Development Agency ("WVEDA"), replacing the two bridge loans (\$US600,000 each) from WVJIT and Summit respectively. In addition to the forthcoming \$US1.2 million WVEDA loan, the \$US2.2 million total Phase 1 capital investment will then be fully covered by the remaining \$US400,000 loan from WVJIT and \$US600,000 loan from Summit.

***Executive Director and CEO, Alain Bouruet-Aubertot commented: "The successful start-up of our new kiln, on budget and ahead of schedule, constitutes a pivotal milestone in the scale-up of the Company's operations. This expanded production capacity is a strong sign of commitment to growth that brings added credibility in the market place. This enhanced capability will also enable us to pursue aggressive sales growth opportunities, thus starting***

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*to generate positive operating cash flow as future volumes of activity get closer to the new production capacity level. Finally, the successful commissioning and start-up of the Phase 1 project confirms that the Company has the necessary skills and capability to execute on complex growth projects, particularly as it is now actively working on the engineering scoping and costing of its next Phase 2 expansion program, which in itself will represent a total realized production capability triple our current post-Phase 1 capacity”*

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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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