

CFOAM LIMITED
ACN 611 576 777
SECOND SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This is a supplementary prospectus (**Second Supplementary Prospectus**) intended to be read with the first supplementary prospectus dated 4 July 2016 (**First Supplementary Prospectus**) and the prospectus dated 21 June 2016 (**Prospectus**), issued by CFOAM Limited (ACN 611 576 777) (**Company**).

This Second Supplementary Prospectus is dated 15 September 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Second Supplementary Prospectus.

This Second Supplementary Prospectus is a **refresh document** as defined in Section 724(3H) of the Corporations Act.

Other than as set out below, all details in relation to the Prospectus and the First Supplementary Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus and the First Supplementary Prospectus have the same meaning in this Second Supplementary Prospectus. If there is a conflict between the Prospectus, the First Supplementary Prospectus and this Second Supplementary Prospectus, this Second Supplementary Prospectus will prevail.

This Second Supplementary Prospectus will be available with the Prospectus and the First Supplementary Prospectus to Australian resident investors in electronic form at the Company's website at www.cfoam.com. The Company will send a copy of this Second Supplementary Prospectus to all Applicants who have subscribed for Shares pursuant to the Prospectus or the First Supplementary Prospectus prior to the date of this Second Supplementary Prospectus.

This is an important document and should be read in its entirety in conjunction with the Prospectus and the First Supplementary Prospectus. If you do not understand it you should consult your professional advisers without delay.

2. INDICATIVE TIMETABLE

The Closing Date for the Offers has been extended to 5:00pm (WST) on 18 October 2016. The remaining dates in the indicative timetable set out on page 18 of the Prospectus are extended as follows:

Issue of Securities under the Offers	20 October 2016
Completion of the Acquisition	20 October 2016
Despatch of holding statements	20 October 2016
Expected date for quotation on ASX	25 October 2016

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without notice.

3. REASONS FOR SUPPLEMENTARY PROSPECTUS

3.1 Purpose of this document

This Second Supplementary Prospectus has been prepared to:

- (a) provide an update on the status of the filing that Carbon Innovations and Touchstone Research lodged with CFIUS;
- (b) extend the indicative Closing Date to 5:00pm WST on 18 October 2016;
- (c) advise that as at the date of this Second Supplementary Prospectus, no Shares offered under the Prospectus or the First Supplementary Prospectus have been admitted to quotation on the ASX;
- (d) advise that as at the date of the Second Supplementary Prospectus, the Company has not issued any Securities pursuant to the Prospectus or the First Supplementary Prospectus;
- (e) refresh the period for admission to quotation of Shares offered under the Prospectus and the First Supplementary Prospectus to 15 December 2016, being three (3) months from the date of this Second Supplementary Prospectus; and
- (f) refresh the period to raise the minimum subscription under the Public Offer to 15 January 2017, being four (4) months from the date of this Second Supplementary Prospectus.

4. UPDATE ON CFIUS FILING

As set out in Section 7.2(c) of the Prospectus, Carbon Innovations and Touchstone Research lodged a notice for review under CFIUS on 6 June 2016. CFIUS provided preliminary feedback on the notice and the information was revised and lodged in final form on 1 July 2016. CFIUS advised on 3 August 2016 that the notice was accepted for review and that this review would conclude no later than 1 September 2016 unless CFIUS required further time to complete its review. On 1 September 2016, CFIUS advised that it would be extending the timeframe to no later than 17 October 2016.

CFIUS has determined that the foreign investment is a "covered" transaction (i.e. whether the completion of the transaction results in foreign control of any person engaged in interstate commerce in the United States). As such, CFIUS is considering whether the transaction (merger, acquisition or takeover) raises potential US national security or critical infrastructure implications. If so determined, then it may block the transaction or request the parties to take certain steps to mitigate such risk.

At the conclusion of the investigation, CFIUS may, then, propose that the parties take steps to mitigate any national security concerns. The Foreign Investment and National Security Act (**FINSA**) formalised the mitigation process, and today mitigation agreements overseen by CFIUS have become more common.

CFIUS is an inter-agency committee of the US government that is authorised to review, investigate and block any transaction or investment that could result in the control of any US businesses or assets by a foreign person that may raise national security concerns, or involve critical infrastructure.

CFIUS has authority to initiate review of almost any foreign investment in a US company or asset that may have an impact on national security. It is not a mandatory requirement for the parties involved in such investment to file a notice for review by CFIUS. However, if such a notification is not filed, and subsequently CFIUS determines that the transaction raises US national security or critical infrastructure concerns, then CFIUS has the authority to unwind the transaction. Such action by CFIUS is not subject to review by a US court.

5. EXTENSION OF TIME TO OBTAIN QUOTATION ON ASX AND TO RAISE THE MINIMUM SUBSCRIPTION

5.1 Background

Under the Corporation Act, if an offer of securities under a prospectus states or implies that the securities are to be quoted on the ASX, and the securities are not then admitted to quotation within three months after the date of the prospectus (**Quotation Condition**), then any issue of securities under the prospectus would be void and any subscription amounts would have to be returned to the applicants.

In order for the Company to comply with the Quotation Condition, the Shares must be quoted on ASX by 21 September 2016. The Board has resolved to extend the Closing Date of the Offers because the Company may be unable to comply with the Quotation Condition within the three month period.

In addition, the Corporations Act provides that where a prospectus states a minimum subscription amount must be raised before any securities will be issued under the prospectus, and that condition is not satisfied within four months after the date of the prospectus, then any subscription amounts must be returned to the applicants or otherwise the applicants must be given a supplementary disclosure document and the opportunity to withdraw their application (see Section 5.2 below for details).

Accordingly, under the Prospectus, the Company has until 21 October 2016 to raise the minimum subscription of \$5,000,000 under the Public Offer. As at the date of the Second Supplementary Prospectus, the Company has raised the minimum subscription, however, this includes Applications pursuant to the Prospectus or the First Supplementary Prospectus that are now subject to the withdrawal rights set out at Section 5.2.

5.2 Withdrawal rights

In accordance with sections 724(2) and 724(3G) of the Corporations Act, if you applied for Shares under the Prospectus or the First Supplementary Prospectus before the date of this Second Supplementary Prospectus, you will receive a copy of this Second Supplementary Prospectus and you have the right to withdraw your Application and be repaid your application money (without interest), provided your written request to withdraw your Application is received by the Company at the address set out below by **5:00pm (WST) on 15 October 2016**:

**CFOAM Limited
PO Box 637
WEST PERTH WA 6872**

The details for the payment of the refund cheque and address to which it should be sent as set out in the written request must correspond to the details contained in the Application Form lodged by that Applicant.

If you do not wish to withdraw your Application, you do not need to take any action.

5.3 New Applications

Applications for Securities after the date of this Second Supplementary Prospectus **must** be made using the Application Form attached to or accompanying this Second Supplementary Prospectus. The Application Form contains detailed instructions on how it is to be completed. Applications after the date of this Second Supplementary Prospectus **must not** be made on the Application Form attached to or accompanying the Prospectus or the First Supplementary Prospectus.

5.4 Applications received

As at the date of this Prospectus, the Company advises that:

- (a) 497 Applications have been received pursuant to the Public Offer for a total of 45,000,000 Shares totalling \$9,000,000;
- (b) 1 Application has been received for 9,187,500 Shares under the Consideration Offer;
- (c) 1 Application has been received for 1,750,000 Options under the Manager Offer; and
- (d) 5 Applications have been received for 1,800,000 Shares under the Advisor Offer.

No Securities have been issued under the Prospectus or the First Supplementary Prospectus as at the date of this Second Supplementary Prospectus.

5.5 Minimum Subscription Condition

As at the date of this Second Supplementary Prospectus, the minimum subscription of \$5,000,000 under the Public Offer has been achieved, however, this includes Applications pursuant to the Prospectus or the First Supplementary Prospectus that are now subject to the withdrawal rights set out at Section 5.2. The minimum subscription under the Public Offer remains unchanged from the figure set out in the Prospectus (being \$5,000,000). No Securities under the Offers will be issued unless the Company receives subscriptions for Shares for a value of at least \$5,000,000 under the Public Offer.

Upon the lodgement of this Second Supplementary Prospectus and subject only to the lodgement of any future refresh document, the minimum subscription condition must be satisfied by no later than 15 January 2017.

5.6 Quotation condition

The Company applied for quotation of the Shares pursuant to the Offers on the ASX within seven (7) days from the date of lodgement of the Prospectus.

As at the date of this Second Supplementary Prospectus, the Company's Securities have not yet been admitted to quotation on the ASX. The ASX has

stated in its letter to the Company dated 25 July 2016 (**Admission Letter**), that it has decided to admit the Company to the Official List of the ASX and quote the relevant Shares subject to the satisfaction of various conditions.

ASX indicated in the Admission Letter that the Company will be admitted to the Official List of ASX subject to satisfaction of the following conditions:

- (a) the Offers being closed and the issues of Securities under those Offers being completed;
- (b) receipt of cleared funds for the complete amount of the issue price of every Security issued to every Applicant under the Prospectus;
- (c) ASX being satisfied that the Company has an appropriate spread of Shareholders;
- (d) the Company demonstrating free float at the time of admission of at least 20% of the Shares that are not restricted or subject to voluntary escrow held by non-affiliated Shareholders;
- (e) restrictions agreements being entered into by the Company and holders of Securities and being provided to ASX, together with undertakings provided by a bank, recognised trustee or the provider of registry services in relation to the restricted Securities;
- (f) the Company issuing 1,250,000 performance rights in the Company to Daniel Placha (or his nominees);
- (g) completion of the Asset Purchase Agreement; and
- (h) confirmation that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the commitments disclosed in the Prospectus and the First Supplementary Prospectus.

ASX indicated in the Admission Letter that the Shares will be admitted to quotation subject to satisfaction of the following conditions:

- (a) despatch of holding statements or refund moneys to Applicants; and
- (b) provision of a form suitable for release to the market of various information, including on the distribution of the number of Shares held by each Shareholder, a statement setting out the names of the top 20 largest holders of each class of Securities, full terms and conditions of the Company's employee incentive option plan and performance rights plan and a statement setting out the number of Securities subject to ASX restriction and the restriction period applied to those Securities.

At the date of this Second Supplementary Prospectus, the Offers and quotation of the relevant Securities of the Company remains subject to the Conditions set out at Section 2.4 of the Prospectus (Conditional Offers), and these Conditions remain unchanged from those set out in the Prospectus.

Upon the lodgement of this Second Supplementary Prospectus and subject only to the lodgement of any future refresh document, the Quotation Condition must now be satisfied no later than 15 December 2016.

6. DIRECTORS' AUTHORISATION

This Second Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Second Supplementary Prospectus with the ASIC.

Gary Steinepreis
Non-executive Director
For and on behalf of
CFOAM Limited