
CFOAM LIMITED

ACN 611 576 777

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10am, EST
DATE: 20 December 2018
PLACE: Level 1
33 Ord Street
West Perth WA 6005
Australia

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7pm EST on 18 December 2018.

This page has been left blank intentionally.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 450,000 Convertible Notes on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – PLACEMENT – CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 3,025,000 Convertible Notes on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – PARTICIPATION IN PLACEMENT BY MR TOBY CHANDLER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company issue 175,000 Convertible Notes to Mr Toby Chandler (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by Toby Chandler (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – PARTICIPATION IN PLACEMENT BY MR GARY STEINEPREIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 350,000 Convertible Notes to Mr Gary Steinepreis (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by Gary Steinepreis (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 22 November 2018

By order of the Board

Gary Steinepreis
Director/Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member’s votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9420 9300.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF CONVERTIBLE NOTES

1.1 Background

On 31 October 2018, the Company announced that it had secured from existing major shareholders and sophisticated investors, subject to final documentation and shareholder approval, a raising of a minimum of USD\$3 million through the placement of convertible notes (**Convertible Notes**) with a face value of US\$1 each (**Convertible Note Placement**). The Company confirms that there were no Convertible Notes issued on 31 October 2018. On 22 November 2018, the Company released an Appendix 3B confirming that it had issued 450,000 Convertible Notes as detailed below.

The Convertible Notes are convertible into fully paid ordinary shares in the capital of the Company (**Shares**) and in accordance with the terms and conditions set out in Schedule 1, will convert at A\$0.18 per Share (**Conversion Price**) and as result of the face value of the Convertible Notes being in USD this calculation will be at the exchange rate on the date of subscription (**Subscription Date**) provided the exchange rate on the Subscription Date is not less than A\$1.00 = US\$0.50 (**Floor Price**).

The Convertible Note Placement comprises two (2) tranches as follows:

- (a) Tranche 1 – issue of 450,000 Convertible Notes, the subject of this Resolution 1, issued pursuant to ASX Listing Rule 7.1 under the Company’s existing placement (**Tranche 1 Convertible Notes**); and
- (b) Tranche 2 – the issue of up to 3,550,000 Convertible Notes, the subject of Resolutions 2, 3 and 4 as follows (**Tranche 2 Convertible Notes**):
 - (i) up to 3,025,000 Convertible Notes to be issued pursuant to Resolution 2;
 - (ii) 175,000 Convertible Notes to be issued pursuant to Resolution 3; and
 - (iii) 350,000 Convertible Notes to be issued pursuant to Resolution 4.

1.2 General

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Tranche 1 Convertible Notes (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not

breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue of the Tranche 1 Convertible Notes, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) the number of Convertible Notes issued by the Company was 450,000;
- (b) the maximum number of Shares to be issued on conversion of the Convertible Notes is 5,000,000 Shares and the Shares will convert at \$0.18 per Share as result of the convertible notes being in USD this calculation is impacted by an exchange rate floor to be not less than A\$1.00 = US\$0.50;
- (c) the Shares to be issued on conversion of the Convertible Notes will be fully paid ordinary shares in the capital of the Company which will be issued on the same terms and conditions of the Company's existing Shares;
- (d) the terms of the Convertible Notes are summarised in Schedule 1;
- (e) the Convertible Notes were issued to existing shareholders, institutional and sophisticated investors and other suitably qualified investors introduced by the Directors. None of these subscribers are related parties of the Company; and
- (f) the funds raised from the Convertible Notes will be used for working capital, payment of promissory note commitment to Touchstone Research Laboratory Ltd and Phase II expansion planning.

2. RESOLUTION 2 – PLACEMENT – CONVERTIBLE NOTES

2.1 Background

Resolution 2 seeks Shareholder approval for the issue of up to 3,025,000 Convertible Notes to unrelated parties pursuant to the Convertible Note Placement set out in Section 1.1 (**Tranche 2 Unrelated Party Convertible Notes**).

Shareholder approval for the issue of the Tranche 2 Unrelated Party Convertible Notes pursuant to the Convertible Note Placement is required under Listing Rule 7.1. A summary of ASX Listing Rule 7.1 is set out under Section 1.1 above.

The effect of Resolution 2 will be to allow the Company to issue the Tranche 2 Unrelated Party Convertible Notes pursuant to the Convertible Note Placement during the period of 3 months after the Meeting (or a longer period if allowed by ASX) without using the Company's 15% annual placement capacity limit under Listing Rule 7.1. In addition, if Shareholders approve Resolution 2, the Tranche 2 Unrelated Party Convertible Notes will be convertible into Shares, in accordance with their terms, without using the Company's placement capacity, in reliance on the exception in ASX Listing Rule 7.2 exception 4.

2.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Tranche 2 Unrelated Party Convertible Notes:

- (a) the maximum number of Tranche 2 Unrelated Party Convertible Notes to be issued by the Company is 3,025,000;
- (b) the maximum number of Shares to be issued on conversion of the Tranche 2 Unrelated Party Convertible Notes is 33,611,111 and the Shares will convert at \$0.18 per Share as result of the Tranche 2 Unrelated Party Convertible Notes being in USD this calculation is impacted by an exchange rate floor to be not less than A\$1.00 = US\$0.50;
- (c) the Tranche 2 Unrelated Party Convertible Notes will be issued no later than 3 months after the date of this meeting (or such later date as is permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the issue will occur progressively.
- (d) the terms of the Tranche 2 Unrelated Party Convertible Notes are summarised in Schedule 1.
- (e) the Shares to be issued on conversion of the Tranche 2 Unrelated Party Convertible Notes will be fully paid ordinary shares in the capital of the Company which will be issued on the same terms and conditions of the Company's existing Shares.
- (f) as at the date of this Notice the Tranche 2 Unrelated Party Convertible Notes will be issued to existing shareholders, institutional and sophisticated investors and other suitably qualified investors introduced by the Directors and potential new investors whom the identity of these new investors is not known. However, all the investors will be sophisticated and professional investors, none of whom will be related parties of the Company.
- (g) the Company intends to use the funds raised from the issue of the Tranche 2 Unrelated Party Convertible Notes for working capital, payment of the promissory note commitment to Touchstone Research Laboratory Ltd and Phase II expansion planning.

3. RESOLUTION 3 AND 4 – PARTICIPATION IN CONVERTIBLE NOTE PLACEMENT BY RELATED PARTIES - - MESSRS CHANDLER AND STEINEPREIS

3.1 General

As set out in Section 1.1 above, the Company issued the Tranche 1 Convertible Notes pursuant to the Convertible Note Placement in October 2018. Messrs Chandler and Steinepreis, each a director of the Company, wish to participate in the Convertible Note Placement.

Pursuant to Resolution 3 and 4 the Company is seeking Shareholder approval for the issue of a total of 525,000 Convertible Notes, comprising 175,000 to Mr Chandler (or his nominee) and 350,000 to Mr Steinepreis (or his nominee) arising from the participation by Messrs Chandler and Steinepreis in the Convertible Note Placement (**Participation**).

3.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Convertible Notes which constitutes giving a financial benefit and Messrs Steinepreis and Chandler are each a related party by virtue of being Directors.

The Directors (other than Mr Chandler in relation to Resolution 3 and Mr Steinepreis in relation to Resolution 4, who have a material personal interest in the Resolutions 3 and 4 respectively) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Convertible Notes will be issued to Messrs Chandler and Steinepreis on the same terms as Convertible Notes issued to non-related party participants in the Convertible Note Placement and as such the giving of the financial benefit is on arm's length terms.

3.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Convertible Note Placement involves the issue of Convertible Notes to Messrs Chandler and Steinepreis, each of whom are a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

3.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the number of Convertible Notes to be issued by the Company is as follows:
 - (i) 175,000 Convertible Notes to Mr Chandler (or his nominee); and
 - (ii) 350,000 Convertible Notes to Mr Steinepreis (or his nominee),
- (b) the maximum number of Shares to be issued on conversion of the Convertible Notes is as follows:
 - (i) 1,944,444 to Mr Chandler (or his nominee); and
 - (iii) 3,888,888 to Mr Steinepreis (or his nominee),

the Shares will convert at \$0.18 per Share as result of the Convertible Notes being in USD this calculation is impacted by an exchange rate floor to be not less than A\$1.00 = US\$0.50;

- (c) the Convertible Notes will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the terms of the Convertible Notes are summarised in Schedule 1;
- (e) the Shares to be issued on conversion of the Convertible Notes will be fully paid ordinary shares in the capital of the Company which will be issued on the same terms and conditions of the Company's existing Shares; and
- (f) the funds raised from the placement of the Convertible Notes will be used for the same purposes as all other funds raised under the Convertible Note Placement as set out in Section 2.2(g)

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Convertible Notes to Messrs Chandler (or his nominee) and Steinepreis (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1. Additionally, the Shares to be issued on conversion of the Convertible Notes will not require Shareholder approval in accordance with ASX Listing Rule 10.12, exception 7.

GLOSSARY

\$ means Australian dollars.

General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means CFOAM Limited (ACN 611 576 777).

Constitution means the Company's constitution.

Convertible Note means a convertible note issued in the capital of the Company on the terms and conditions in Schedule 1.

Convertible Note Placement means the issue of 450,000 Convertible Notes pursuant to Resolution 1 and subject to Shareholder approval, the proposed issue of 3,025,000 Convertible Notes pursuant to Resolution 2, 175,000 Convertible Notes pursuant to Resolution 3 and 350,000 Convertible Notes pursuant to Resolution 4.

Conversion Price has the meaning set out in Schedule 1.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Floor Price has the meaning set out in Section 1.1.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Participation means the participation in the Convertible Note Placement by Messrs Chandler and Steinepreis pursuant to Resolutions 3 and 4, respectively.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Tranche 1 Convertible Notes has the meaning set out in Section 1.1.

Tranche 2 Convertible Notes has the meaning set out in Section 3.1.

Tranche 2 Unrelated Party Convertible Notes has the meaning set out in Section 3.1.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF CONVERTIBLE NOTES

1.	Number of Convertible Notes subscribed for:	4,000,000 Convertible Notes and split into Tranche 1 Convertible Notes and Tranche 2 Convertible Notes as confirmed by the Company.
2.	Face Value of each Convertible Note:	USD\$1.00
3.	Principal Amount:	Up to USD\$4,000,000
4.	Term:	The Convertible Notes will be issued on the Subscription Date and shall be converted or otherwise redeemed within 36 months of issue (Repayment Date).
5.	Conversion Price:	<p>Each Convertible Note will be convertible into Shares at a conversion price equal to A\$0.18 per Share to satisfy the Face Value of the Notes in USD at the election of the Subscriber as follows:</p> <p>(a) using the exchange rate set at the Subscription Date; or</p> <p>(b) the exchange rate set at the date of the Prepayment Notice or the Conversion Notice, with the exchange rate to be not less than A\$1.00 = USD\$0.50.</p>
6.	Interest:	<p>(a) Interest is payable on the Principal Amount from the Subscription Date until Repayment Date, unless the Convertible Notes are either redeemed or converted into Shares at a rate of 4% per annum (Interest Rate).</p> <p>(b) Interest will be calculated monthly and payable six monthly in arrears (Interest Payment Date), accruing daily on the basis of a year of 365 days.</p> <p>(c) Interest must be paid by the Company to the Subscriber no later than 10 Business Days after the relevant Interest Payment Date.</p> <p>(d) The Subscriber may elect for the interest to be compounded on a six monthly basis. For the avoidance of doubt, if the Subscriber elects to compound the interest then this amount is added to the Principal Amount.</p> <p>(e) In the event that the Company has not paid interest as required in accordance with clause 6(a) and 6(b) above, then further interest shall accrue at the Overdue Rate.</p> <p>(f) The Company must pay interest at the Overdue Rate on each amount (including Interest) which is not paid when due under this deed (Overdue Amount).</p> <p>(g) Interest on any Overdue Amount accrues daily from and including the day when the amount first becomes due until the date of</p>

		<p>actual payment and in each case interest may be capitalised at the end of each thirty day period after the due date.</p> <p>(h) Interest not accrued is repayable in cash.</p>
7.	Conversion:	<p>(a) Subject to the Company obtaining shareholder approval for the conversion of the Tranche 2 Notes, after a fixed period of 12 months and at each 6 month period thereafter and prior to the Repayment Date, at the election of the Subscriber by written notice to the Company (Conversion Notice), the Convertible Notes may be converted in whole or in part into Shares at the Conversion Price (the Conversion Shares).</p> <p>(b) Once a Conversion Notice has been issued, it cannot be withdrawn.</p> <p>(c) As soon as is reasonably practicable after date of this Term Sheet, the Company must seek shareholder approval to permit the issue of Conversion Shares on receipt of a Conversion Notice (if required).</p> <p>(i) The number of Shares to be issued upon conversion will be calculated by dividing the Face Value of the Convertible Notes the subject of the Conversion Notice by the Conversion Price (Conversion Ratio).</p> <p>(d) The conversion of all Convertible Notes into Shares in accordance with this clause 7 will operate in satisfaction of the Company's obligation to the Subscriber in respect of the Principal Amount on the Convertible Notes.</p> <p>(e) If the Convertible Notes are converted into Conversion Shares, the Company will make application for official quotation by ASX of all Conversion Shares issued upon the conversion as soon as reasonably practicable after Conversion Shares are so issued (if the Company is admitted to the official list of the ASX at that time).</p> <p>(f) To the extent it is permitted to do so and if it is admitted to the official list of the ASX at that time, the Company give to the ASX a notice pursuant to section 708A(5)(e)(i) of the <i>Corporations Act 2001</i> (Cth) (Corporations Act) in respect of the securities issued pursuant to clause 7(c)(i) or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things</p>

		<p>necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and</p> <p>(g) procure that a holding statement for the securities issued pursuant to clause 7(c)(i) is sent to the Subscriber.</p> <p>(h) Fractional entitlements to Shares under clause 7(c)(i) will be rounded up to the nearest whole number.</p> <p>(i) The Subscriber is prohibited from being issued Shares on conversion of Convertible Notes (or as otherwise set out in the Terms Sheet, including in lieu of accrued interest) with the effect that the Subscriber (together with its associates) would hold a relevant interest exceeding 19.99% or more in the issued share capital of the Company, unless the issue of Shares to the Subscriber satisfies any of the exemptions in Section 611 of the Corporations Act.</p> <p>(j) Where the Company is prohibited from issuing Conversion Shares due to the Relevant Interest Threshold, unless one of the other exemptions in section 611 is applicable, the Company must convene a meeting of its shareholders to obtain approval pursuant to the exemption in section 611 Item 7 of the Corporations Act.</p>
8.	Early Redemption	<p>(a) Where an Event of Default occurs, the Subscriber may issue a Conversion Notice and the Company will be required to redeem the Convertible Notes for their Face Value (plus any unpaid interest) within 10 business days of receipt of a Conversion Notice by the Subscriber where the Event of Default has not been remedied within the prescribed time.</p> <p>(b) If the Company fails to Redeem any Convertible Notes when due, this will constitute an Event of Default and Interest will continue to accrue on the Convertible Notes at the Overdue Rate in accordance with 6 and must be paid to the Subscriber upon Redemption of the Convertible Notes.</p> <p>(c) The Company may, after a period of 24 months from the issue of the Tranche 2 Notes, redeem the whole or part of the Convertible Notes for their Face Value (plus any unpaid interest) on any day prior to the Repayment Date, on giving not less than 15 Business Days (Early Redemption Period) prior written notice to the Subscriber (Prepayment Notice).</p>

		(d) After receipt of a Prepayment Notice, the Subscriber will have a right to issue a Conversion Notice at any time during the Early Redemption Period in accordance with clause 7 and convert the Convertible Notes into Conversion Shares prior to repayment.
9.	Redemption	<p>(a) Where any Convertible Notes remain not converted or redeemed on the Repayment Date, the Convertible Notes will be redeemed for their Face Value (plus any unpaid interest) as at the Repayment Date (Noteholding Balance).</p> <p>(b) The Company shall provide written notice to the Subscriber not less than 15 Business Days prior to the Repayment Date advising the Subscriber of the forthcoming Repayment Date and its effect and the current Noteholding Balance.</p> <p>(c) With effect from the Repayment Date:</p> <p>(i) the Company shall Redeem and cancel each of the Convertible Notes comprising the Noteholding Balance on, or as soon as reasonably practicable after, the Repayment Date; and</p> <p>(ii) the Company shall pay to the Subscriber the Redemption Amount, such payment to be made as soon as reasonably practical after the Repayment Date, but in any event not later than 10 Business Days after the Repayment Date.</p>
10.	Ordinary Shares Ranking:	Shares issued on conversion of the Convertible Notes will be fully paid, will be unencumbered and will rank <i>pari passu</i> in all respects with the fully paid ordinary shares in the Company on issue.
11.	Bonus Issue	<p>If a bonus issue of shares is made by the Company, then:</p> <p>(a) the number of Conversion Shares issued to the Subscriber on Conversion will be increased by the number of bonus shares that the Subscriber would have received if the Convertible Note had been exercised prior to the record date for the bonus issue; and</p> <p>(b) no change will be made to the Conversion Ratio.</p>
12.	Reconstruction:	If there is a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, then the number of Conversion

		<p>Shares into which each Convertible Note is convertible will be adjusted in a manner consistent with the Corporations Act and, if applicable, the ASX Listing Rules at the time of such reconstruction so that the Convertible Notes are convertible into the same percentage of the issued ordinary share capital of the Company as the percentage into which they are convertible immediately before the relevant reconstruction and in a manner which will not result in any additional benefits being conferred on the Subscriber which are not conferred on the shareholders of the Company.</p>
<p>13.</p>	<p>Event of Default:</p>	<p>It is an event of default, whether or not it is within the control of the Company, where:</p> <ul style="list-style-type: none"> (a) Failure to pay: the Company fails to pay or repay any amount due by it under this Terms Sheet; (b) Non-remediable failure: the Company fails to perform or observe any material undertaking, obligation or agreement expressed in this Terms Sheet and the Company does not remedy such failure within 14 days, or a longer period determined by the Subscriber, after receipt by the Company of a notice from the Subscriber specifying the failure; (c) Receiver: a receiver, manager, official manager, trustee, administrator or similar official is appointed, or steps taken for such appointment, over any of the assets or undertaking of the Company; (d) Insolvency: the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act; (e) Administrator: an administrator is appointed or a resolution is passed or any steps are taken to appoint, or to pass a resolution to appoint, an administrator to the Company; (f) Winding up: an application or order is made for the winding-up or dissolution of the Company, which application is not dismissed or withdrawn within 21 days or a resolution is passed or any steps are taken to pass a resolution for the winding-up or dissolution of the Company otherwise than for the purpose of an amalgamation or reconstruction; and (g) Suspends payment: the Company suspends payment of its debts generally, <p>(together, Events of Default).</p>

		<p>(h) Main Undertaking: without the prior consent of the Subscriber, there is or proposed at any time:</p> <ul style="list-style-type: none"> (i) the sale of the main undertaking of the Company that would require approval of the ordinary shareholders of the Company in accordance with Listing Rule 11.2; or (ii) the sale of all, or a material part, of the Company's (or the relevant Subsidiary's) interest in the Company's assets, <p>(i) Shareholder Approval: where shareholder approval is required under the ASX Listing Rules and/or the Corporations Act for the issue of the Convertible Notes or Conversion Shares and such approval is not obtained within 40 Business Days of the Subscriber issuing a Conversion Notice.</p> <p>(together, Events of Default).</p>
14.	Voting rights and Participation Rights:	<p>(a) The Subscriber will be able to attend general meetings of the Company but is not entitled to vote prior to conversion of the Convertible Notes into Shares.</p> <p>(b) Before conversion, the Subscriber is not entitled to participate in rights issues, returns of capital, bonus issues or capital reconstructions of the Company.</p>

This page has been left blank intentionally.

PROXY FORM

CFOAM LIMITED
ACN 611 576 777

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Level 1, 33 Ord Street, West Perth, WA, 6005, Australia, on 20 December 2018 at 10am, EST and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Prior Issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Placement - Convertible Note	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Participation in Placement Mr Toby Chandler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Participation in Placement by Mr Gary Steinepreis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail
in relation to this Proxy Form: YES NO

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) Email to gsteinepreis@CFOAM.com; or
 - (b) post to CFOAM Limited, Level 1, 33 Ord Street West Perth WA 6005; or
 - (c) post to Computershare Investor Services Pty Ltd, GPO Box 2975, Melbourne VIC 3001; or
 - (d) facsimile to Computershare Share Registry on facsimile number +61 8 9323 2033,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.