

## CFOAM enters into key strategic alliance with Touchstone Research Laboratory

### Highlights:

- CFOAM Ltd ("CFO") has formed a critical strategic alliance with Touchstone Research Laboratory ("TRL")
- TRL along with its tooling division, Touchstone Advanced Composites, is currently in receipt of \$US4-5 million in funding contracts, and is additionally in final negotiations for a further \$US4-5 million, to develop existing and new applications for CFOAM® based product lines
- CFO through its alliance with TRL is now actively looking to secure highly attractive government funding grants. TRL has historically secured more than \$US60 million from various government-backed grants, debt and related funding initiatives
- CFO will provide TRL with an "open" purchase order (PO) for consignment of CFOAM® inventory to meet the increasing demand for aerospace tooling applications
- CFO and TRL will form a new strategic business development group to meet the rapidly growing sales footprint

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**Triadelphia, WV, USA, CFOAM Limited, ("CFO" or "the Company"),** through its 100%-owned subsidiary Carbon Innovations LLC ("CIL"), the manufacturer of the carbon foam, CFOAM® and PFOAM™ used for ultra-high end performance engineering materials in the industrial, aerospace, military and commercial product markets, is pleased to announce it has entered into a strategic alliance with Touchstone Research Laboratory ("TRL") for the continued expansion and development of the CFOAM® and PFOAM™ product lines.

TRL is a third-party research firm that specialises in the fast development of innovative goods and services, using use state-of-the-art Open Innovation management methods and have achieved numerous national awards.

**Michael Placha, Managing Director of CFOAM, commented:** *"To have a third-party research firm with the quality and track record of Touchstone using its intellectual capital to develop and proliferate new uses and markets for the CFOAM® product lines is a very exciting prospect for the Company. Research, Development and penetration of markets can be an expensive process, and to effectively have an in-house R&D function is a massive step forward for our business and validates our products. We welcome the joint and continuing effort of our respective platforms to build a significant business over the medium term."*

18 May 2017



The alliance is significant as it importantly puts in place a highly visible business development function for the Company's products, funded completely "off balance sheet". The partnership also brings a highly valuable third party research, increasing the reputation of CFOAM's products. TRL has recently secured, or is in final negotiations to secure, more than \$US8m in contracts to develop the Company's products in applications including, but not limited to, solar thermal, rocket/jet propulsion insulation, next-generation aerospace composite tooling and combat ship exhaust applications.

As part of the alliance, CFO and TRL have structured a formal working group to support the development and expansion of CFO's current sales pipeline and to use TRL's expertise in seeking alternate funding sources for the expansion and additions to the Company's production facilities.

Aided by the Company's expanded output of CFOAM® production, TRL is experiencing rapid sales growth through its tooling subsidiary, Touchstone Advanced Composites (TAC), where almost all tools manufactured and sold are constructed entirely using CFOAM®. Presently, this demand is averaging around 500-600ft³ per month, however as a result of an expected rapid growth in future sales, recent intercompany meetings have established that this demand could expect to double, and potentially increase up to *six-fold*, if specific TAC sales opportunities are realised. These orders, if realised, would significantly eclipse both CFO's and TRL's respective current platform capacities. The expansion has prompted the formation of the strategic alliance, with a view to formally, and jointly, pursue rapid operational expansion, and optimise both the logistical and funding solutions.

CFO has agreed to provide a continuous stock of CFOAM®, via open POs, for an initial consignment of 200ft³ of CFOAM®. As referenced above, the Company expects growth in the volume of this consignment stock through the remainder of 2017 as TRL's order book grows materially.

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### **About CFOAM Limited**

CFOAM® is an inorganic carbon material that is manufactured from coal, pitch or lignin feedstock. CFOAM® manufactured in this process has a rigid foam structure, similar in appearance to pumice stone, but with entirely different properties. CFOAM® is 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® was developed to meet the growing demand for ultra-high end performance engineering materials in the, industrial, aerospace, military and commercial product markets.