

ASX ANNOUNCEMENT

30 October 2017



Companies Announcement Office
ASX Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

PERFORMANCE INCENTIVES TO KEY EMPLOYEES, CONSULTANT AND DIRECTORS

The Company has proposed a number of incentives to key employees, consultant and executive director and non-executive director.

Key Employees

In accordance with the Incentive Performance Rights Plan, the Company has issued a total of 350,000 performance rights to key employees. These issues are issued under Listing Rule 7.2 exception 9 and do not form part of the capacity that the Company has under Listing Rule 7.1.

The incentives are important for key staff retention and a reward for performance and are summarised as follows:

- 50,000 - performance rights issued and immediate vesting and conversion to ordinary shares
- 150,000 – issued and vest and convert to ordinary shares on 15 January 2019 if remain Eligible Participant
- 150,000 - issued and vest and convert to ordinary shares on 15 January 2020 if remain Eligible Participant

Eligible participant means remaining a director, employee or consultant of the Company.

Consultant-Brian E Joseph – SENIOR SCIENTIFIC ADVISOR

Subject to shareholder approval, the Company proposed to grant the following performance rights to Brian E Joseph (or his nominee):

- 166,666 – issued and vest and convert to ordinary shares on 15 January 2019 if remain Eligible Participant (which condition is subject to still being retained in this role by the Company)
- 166,666 - issued and vest and convert to ordinary shares on 15 January 2020 if remain Eligible Participant
- 166,667 - issued and vest and convert to ordinary shares on 15 January 2021 if remain Eligible Participant

Executive Director - Alain F. Bouruet-Aubertot (or his nominee)

Further to the announcement of 10 July 2017, Alain F. Bouruet-Aubertot has been appointed as Executive Director and the Board has agreed to amend his remuneration with the performance remuneration being subject to shareholder approval. The terms of the remuneration package is summarised as follows:

Salary: US\$150,000 per annum, subject to completion of financing, and effective 1 November 2017

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Performance remuneration, subject to shareholder approval, and ASX Listing Rules:

A total of 3,350,000 performance rights to vest as follows, subject to remaining an Eligible Participant:

100,000 Performance Rights vest and become exercisable upon full commissioning of Phase 1 with start up on or before 15 August 2018 (Performance Rights are reduced by 20% per month of delay (pro-rata));

120,000 Performance Rights will vest and become exercisable upon the Company achieving three concurrent monthly sales of 1,666cft pm – equating to 80% of monthly annual nameplate capacity potential of 2,083cft pm – on or before 31 December 2018 (Performance Rights are reduced by 33% per month of delay (pro-rata));

150,000 will vest and become exercisable upon full commissioning of Phase 2 with start up on or before 1 April 2019 ((Performance Rights are reduced by 20% per month of delay (pro-rata));

180,000 Performance Rights will vest and become exercisable upon the Company achieving three concurrent monthly sales of 4,800cft pm – equating to 80% of monthly annual nameplate capacity potential of 6,000cft pm – on or before 30 September 2019 ((Performance Rights are reduced by 33% per month of delay (pro-rata));

300,000 Performance Rights will vest and become exercisable upon the installation of additional autoclave and/or kiln capacity (as extension of Phase 2 – ON SITE) which lifts confirmed nameplate capacity to at least 100,000cft pa on or before 31 December 2019,

750,000 performance rights - 30 day volume weighted average share price (VWAP) for the shares on ASX is \$0.60 or higher from the date of issue

750,000 performance rights - 30 day VWAP for the shares on ASX is \$0.90 or higher from the date of issue

500,000 performance rights - 30 day VWAP for the shares on ASX is \$1.05 or higher from the date of issue

500,000 performance rights - 30 day VWAP for the shares on ASX is \$1.20 or higher from the date of issue

Non-executive Director – Todd Hoare

Performance remuneration, subject to shareholder approval, and ASX Listing Rules:

A total of 150,000 performance rights to vest as follows, subject to remaining an Eligible Participant:

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75,000 performance rights - 30 day volume weighted average share price (VWAP) for the shares on ASX is \$0.60 or higher from the date of issue

75,000 performance rights - 30 day VWAP for the shares on ASX is \$0.90 or higher from the date of issue

For further details, please contact:

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About CFOAM Limited

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CFOAM® was 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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