Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

For personal use only

Name of entity

CFOAM Limited

ABN	**Quarter ended ("current quarter")**
46 611 576 777	30 September 2020

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (3 months) $US'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	133	133
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(192)	(192)
	(c) advertising and marketing	-	-
	(d) leased assets	(86)	(86)
	(e) staff costs	(251)	(251)
	(f) administration and corporate costs	(147)	(147)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(24)	(24)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(567)**	**(567)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(13)	(13)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

For personal use only

Consolidated statement of cash flows		Current quarter $US'000	Year to date (3 months) $US'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(13)**	**(13)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	256	256
3.6	Repayment of borrowings	(47)	(47)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Proceeds from investment by CONSOL	-	-
3.10	**Net cash from / (used in) financing activities**	**209**	**209**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	418	418
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(567)	(567)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(13)

Consolidated statement of cash flows		Current quarter $US'000	Year to date (3 months) $US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	209	209
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**47**	**47**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $US'000	Previous quarter $US'000
5.1	Bank balances	47	418
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**47**	**418**

6.	Payments to related parties of the entity and their associates	Current quarter $US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

There has been no remuneration paid to the non-executive Directors for the period. The remuneration has been accrued for the period 1 July 2019-30 September 2020 for non-executive directors.

For personal use only

For personal use only

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
7.1	Loan facilities	3,157	2,967
7.2	Convertible notes	-	-
7.3	Promissory notes	1,216	1,216
7.4	**Total financing facilities**	4,373	4,183

7.5	**Unused financing facilities available at quarter end**	229 (CONSOL Note B) *

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1 Loans payable:

	Balance at 30 Sept 2020 US$	Total Facility US$	Interest rate
Secured loan - West Virginia Economic Development Authority (WVEDA)	1,035,361	1,200,000	3.46%
Secured loan – Summit Community Bank	480,638	600,000	6.49%
Secured loan - CONSOL Energy Inc	1,118,161	1,100,000	2.00%
Convertible note A - CONSOL Energy Inc	229,133	458,266*	-
Paycheck Protection Program	293,400	293,400	-
	3,156,693	3,651,666	

The loans payable are secured over the 2016 Assets not claimed by the promissory notes security and secured over the Phase 1 and other assets.

*as per ASX release 1 September 2020.

7.3 Promissory Notes – secured:
Promissory notes issued are as follows:

(i) Original US$800,000 promissory note with an interest rate of 5% per annum, and which is secured by a first lien security interest over the all of the assets of the business of CFOAM LLC acquired under the Asset Purchase Agreement in 2016 (2016 Assets). The promissory note was restructured during the December 2019 quarter and interest is only payable on a monthly basis and principal on 30 June 2022. Balance at 30 September 2020 – US$403,098

(ii) Original balance was US$4,000,000. The promissory note which will accrue interest at 2% per annum and be secured by a second lien security interest over the 2016 Assets. This promissory note was restructured during the December 2019 quarter and accrued interest and principal is due and payable on 31 December 2021. Balance at 30 September 2020 – US$812,803

8.	Estimated cash available for future operating activities	$US'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(567)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	47
8.3	Unused finance facilities available at quarter end (Item 7.5)	229
8.4	Total available funding (Item 8.2 + Item 8.3)	276
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	0

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

The entity expects to have additional revenues to support the business net operating cashflows from sales of CFOAM products.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

CFOAM operating entities will continue to review, apply and consider all funding options available to continue the business operations including debt and/or equity.

A converting loan for A$400,000 has been made available and used by the Company and a renounceable entitlement offer on a 4 for 3 basis to raise A$3,843,481 is currently being undertaken.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes – as referred to above.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2020

Authorised by: Gary Steinepreis – Director on behalf of the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial

For personal use only

records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only