

CONSOL Energy Announces Investment in Coal-to-Products Space

CANONSBURG, Pa., Jan. 8, 2020 [/PRNewswire/](#) -- CONSOL Energy Inc. (NYSE: CEIX) announced today that it has made an initial investment in the coal-to-products space by acquiring a 25% equity interest in CFOAM Corp., a newly-formed US-based holding company whose wholly-owned subsidiary, CFOAM LLC, has manufacturing facilities in Triadelphia, West Virginia. CFOAM Limited, an ASX-listed company, owns the remaining 75% of CFOAM Corp. CFOAM LLC manufactures high-performance carbon foam products from coal and focuses on meeting demand for high-grade materials in the industrial, aerospace, military and commercial product markets.

"This is our first major step in the coal-to-products area, which leverages certain attractive properties of coal but with significantly lower emissions and greater value uplift potential than conventional combustion applications. These products not only provide a high-margin revenue stream but also provide an intriguing new opportunity to utilize the vast resource base that our country is endowed with" said Jimmy Brock, President and Chief Executive Officer of CONSOL Energy Inc. "Consistent with our capital allocation process, the CFOAM investment is part of CONSOL's measured investment bucket earmarked for innovative and alternative uses of coal as a pathway for diversification. Today, CFOAM products are used or being developed for a wide range of markets including composite tooling for the aerospace sector, as well as energy absorbing, structural, and defense applications. We estimate that the total addressable market ("TAM") for such products is over \$15 billion annually."

"We are very excited to partner with CONSOL Energy. This investment and collaboration will offer the technical support and business acumen CONSOL Energy has demonstrated for decades and will enable CFOAM to advance as a reliable partner in the material science industry" said Flemming Bjoernslev, President & CEO of CFOAM LLC.

Some of the major highlights of the transaction include:

- CEIX has invested \$3.5 million in return for a 25% equity ownership in CFOAM Corp.
- CEIX has also provided a \$1.1 million term loan to CFOAM LLC for working capital and invested another \$0.4 million to acquire a first lien note of CFOAM LLC from one of CFOAM LLC's first lien noteholders.
- CFOAM Corp. has a four-member board, comprised of two members appointed by CFOAM Limited and two members appointed by CEIX.
- CFOAM Corp. has also retained CEIX as an advisor to provide strategic, management, and operational advice.
- CFOAM Limited has also provided CEIX with certain preemptive and anti-dilution rights, including the first right to provide any future debt financing and the right to match certain offers for the sale of equity or assets of CFOAM Corp. and CFOAM LLC.

With the completion of this transaction, CONSOL Energy is now pursuing alternative uses of coal in the following different areas:

- The CFOAM Corp. investment which is geared towards high-performance engineering materials, which we estimate has an over \$15 billion TAM.
- CONSOL is also partnering on a DOE-funded project with Ohio University and other industry partners to develop coal plastic composites that are geared toward the engineered composite decking and other building products markets. Studies show that the global market for such plastic composite materials is expected to exceed \$8 billion by 2023.
- In addition, CONSOL has partnered with OMNIS Bailey LLC to develop a refinery that will convert waste coal slurry into two products: a high-quality carbon product that can be used as fuel or as a feedstock for other higher-value applications, and a mineral matter product that has potential to be used as a soil amendment in agricultural applications.

About CONSOL Energy Inc.

CONSOL Energy Inc. (NYSE: CEIX) is a Canonsburg-based producer and exporter of high-Btu bituminous thermal and crossover metallurgical coal. It owns and operates some of the most productive longwall mining operations in the Northern Appalachian Basin. Our flagship operation is the Pennsylvania Mining Complex, which has the capacity to produce approximately 28.5 million tons of coal per year and is comprised of 3 large-scale underground mines: Bailey, Enlow Fork, and Harvey. The company also owns and operates the CONSOL Marine Terminal, which is located in the port of Baltimore and has a throughput capacity of approximately 15 million tons per year. In addition to the ~698 million reserve tons associated with the Pennsylvania Mining Complex, the company also controls approximately 1.6 billion tons of greenfield thermal and metallurgical coal reserves located in the major coal-producing basins of the eastern United States. Additional information regarding

CONSOL Energy may be found at www.consolenergy.com.

About CFOAM Limited

CFOAM® products are an inorganic carbon material that is manufactured from coal, pitch or lignin feedstock. CFOAM® products manufactured in this process have a rigid foam structure, similar in appearance to pumice stone, but with entirely different properties. CFOAM® products are currently used across a wide variety of markets including composite tooling for the aerospace sector, energy absorbing applications and defense applications. Additional markets such as automotive applications for energy absorption and fire resistance are also expected to become significant to the CFOAM over time.

CFOAM® products were 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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Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this press release are "forward-looking statements" within the meaning of the federal securities laws. With the exception of historical matters, the matters discussed in this press release are forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended) that involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. When we use the words "anticipate," "believe," "could," "continue," "estimate," "expect," "intend," "may," "plan," "predict," "project," "should," "will," or their negatives, or other similar expressions, the statements which include those words are usually forward-looking statements. When we describe strategy that involves risks or uncertainties, we are making forward-looking statements. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Specific risks, contingencies and uncertainties are discussed in more detail in our filings with the Securities and Exchange Commission. The forward-looking statements in this press release speak only as of the date of this press release and CEIX disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events, or otherwise, except as required by applicable law.

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