

17 May 2017

Attention Mr Chris Dobbs
The Manager- Companies
ASX
By email:

In response to your letter of 12 May we advise as follows:

1. Yes. The company presently does expect to continue to have negative cash flow for a period of time based on the current operating expenses. However the board is very mindful of the need to address this and decisions have been taken, and steps are continuing to be taken for the company to move to achieve positive cash flow as set out below.
2. Yes.
 - LWP's accountants BDO Brisbane are clarifying the company's R&D grant claims with the Australian Taxation Office for the years 2014, 2015 which have been under audit. Although ATO have advised the company in writing that they expect to finalise the audit by the end of May 2017, there may be a delay as we are yet to receive a response to the additional information recently provided to ATO that was requested. The company has also lodged its R&D grant claim for the 2016 year. The total R & D Grants receivable are significant in the range of \$1.6 to \$ 2 million. The R&D grant for the year ended 30 June 2016 may be subject to change based on the outcome of the ATO audit for the R&D expenditure claimed for the year ended 30 June 2015.
 - The Company has a portfolio of unrealised shares of \$440,206 in ASX Listed companies on hand at market value as at 15 May 2017.
 - The company has a placement agreement with Lanstead Capital which provides monthly amounts to the company provided that the company's share price has a minimum VWAP of AUD 0.0017. The Company anticipates that contributions by Lanstead over the remaining 12 months that the agreement is in effect, should contribute in the order of AUD 2 million in cash to the company for the shares already placed with Lanstead in 2016.
3. Yes.
 - The Company has also taken steps to reduce cash outflows, including the company's executives, being David Henson and the writer voluntarily offering to reduce their monthly payment by 50%, one consultant's services have been finalised, and two other consultants agreements have been targeted for renegotiation with the total effect of the company's cash flow being reduced by circa AUD 60.000 per month from July 1st.

- The Australian Pilot Plant has ceased operations as objectives were met and exceeded and has been decommissioned, reducing expenditures.
 - As part of the decommissioning activities, the company is in the process of selling the equipment in the pilot plant, which is expected to add to the Company's cash resources.
4. We confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
 5. Please find attached the draft resolution, which has been sent to all directors for their execution. As soon as the executed resolution has been received the company will be in a position to provide confirmation to ASX.

Yours faithfully

Siegfried Konig
Director



12 May 2017

Mr Siegfried Konig and Andrew Bursill
LWP Technologies Limited
Suite 29, Level 54, 111 Eagle Street
Brisbane QLD 4000

By email: sb.konig@lwpotech.com; abursill@fa.com.au

Dear Mr Konig and Mr Bursill,

LWP Technologies (“the Company”): Appendix 4C Query

I refer to the Company’s Appendix 4C quarterly report for the period ended 31 March 2017 lodged with ASX Market Announcements Platform and released on 28 April 2017 (the “Appendix 4C”).

ASX notes that the Company has reported:

- negative net operating cash flows for the quarter of \$663,000;
- cash at the end of the quarter of \$1,137,000; and
- estimated cash outflows for the next quarter of \$880,000.

It is possible to conclude, based on the information in the Appendix 4C, that if the Company were to continue to expend cash at the rate indicated by the Appendix 4C, the Company may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Company to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Company 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?
3. Does the Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
5. Please confirm that the Company’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that the Company considers may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **10:00 am AEST on Wednesday 17 May 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at **chris.dobbs@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Company's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Christopher Dobbs', written in a cursive style.

Christopher Dobbs
Adviser, Listings Compliance
Ph : (02) 9227 0488