



10 September 2017

Chris Dobbs
Adviser, Listings Compliance
ASX Compliance Pty Ltd
20 Bridge Street,
Sydney NSW 2000

By email

Dear Mr Dobbs,

LWP Technologies Limited (LWP): aware query

In response to your letter dated 22 August 2017 we advise as follows: -

1. Yes. Upon checking the previous announcements and public statements made by the Company over the last 18 months, the information pertaining to pending R&D claims may have influenced the price of the securities.

It is noted, that since March 2017 the price of the securities have been trading at or about \$0.001.

2. Not Applicable
3. By way of background as to timing of the information available to the Company at various dates, we submit the following: -

Background

- A. On 29 April 2016, the Company released the **March 2016 Quarterly Report** which included the following statement: -

“LWP has lodged Research and Development claims of \$1.59 million for the 2014 and 2015 years which it expects to receive in the near term. As such, LWP will have over two (2) years of working capital currently in hand”

- B. On 17 November 2016, the Company released an **AGM Shareholder Update** which included the following statements: -

“As we previously advised, the Australian Taxation Office completed a tax audit into the Company in January this year, and have recently sought clarification on some additional matters. Therefore, we have not factored into our cash balance the pending \$1.7 million that we are owed under the R&D tax incentive for the 2014 and 2015 financial years, nor have we included the approximately \$1 million claim we are currently **preparing for lodgement** for the 2016 financial year.”

- C. Information from **BDO and the ATO confirms** that prior to March 2017, the Company had lodged a total of three (3) R&D claims with the Australian Tax Office from the following entities: -

a. Ecopropp Pty Ltd for year ended June 30, 2014.	Expected Rebate	\$522,848
b. Ecopropp Pty Ltd for 9 months of the year ended June 30, 2015.	Expected Rebate	\$308,129
c. LWP Technologies Limited for 3 months of the year ended June 30 2015.	Expected Rebate	\$857,061

Total potential rebates of **\$1,688,038**

In addition, the Company has lodged with AusIndustry, its intention to claim for R&D for the year ended June 30, 2016. This claim is yet to be lodged with the ATO. As disclosed in the Audited Accounts for the Financial Year ended June 30, 2016, expenditure for the further development of the proppant technology was \$1.9 million.

- D. A review of the correspondence between the ATO, BDO and LWP shows the following: -

- a. Between 10 and 17 March 2017, after discussions with the ATO, the Company submitted voluntary amendments to the initial three R&D claims lodged, thereby voluntarily reducing the potential rebates dependent upon further rulings by the ATO.

i. Ecopropp Pty Ltd for year ended June 30, 2014	Expected rebate	\$159,906
ii. Ecopropp Pty Ltd for year ended June 30,2015	Expected rebate	\$179,404
iii. LWP Technologies Limited for 3 months of year ended June 30, 2015	Expected rebate	\$258,278

Total potential amended rebates **\$597,588**

- b. Further discussions continued between the ATO, BDO and the Company over the following months.

4. With respect to the latest announcements and disclosure by the Company, we provide the following information: -
- A. On 2 August 2017, BDO advised the Company by email that on 29 July 2017 the ATO had rejected the LWP Technologies claim for the 3 months ended June 30 2015 and that an objection was the only available course of action. The Company has 60 days to lodge an objection, and has sought advice from BDO in relation to lodging the objection.
 - B. The Company sought clarification from BDO and the ATO in relation to all three claims which led to the Company being advised on 8 August 2017 of the significant further reductions in any potential rebates by Ecopropp P/L to a level that subject to penalties there may in fact be no rebates.
 - C. A trading halt was requested on the 10th of August 2017 and a request for Voluntary Suspension was made on 14th August 2017.
 - D. An announcement was made on 14th August 2017 updating the status of rebates after seeking further clarification on amounts from BDO.
 - E. The R&D claim for the year ended 30th June 2016 **has yet to be lodged with the ATO**. It should be noted that the Company made the largest expenditure on Research and Development during the 2016 Financial Year.

Financial Reports

5. The \$288,000 listed under item 2.5 – net refund from investments is made up of:

Refund of FRB/1AA investment	\$500k
Net cash movement in portfolio	(\$212k)
Total	\$288k

A verbal query was received from the ASX following the release of the October monthly cashflow in relation to the disclose of the refund of the FRB/1AA investment. It was decided that the amounts previously combined under item 2.5 would be split out into separate components in future monthly cashflows so that the refund of the \$500,000 FRB/1AA investment was separately disclosed.

Item 2.5 in the November cashflow, with the separate components split out, is set-out below, with the MTD movement for November of \$36,000 accounting for the difference between the October YTD balance of \$212,000 and the November YTD balance of \$176,000.

2.5	Other		
	- Refund of FRB/1AA Investment	-	500
	- Net cash movement in portfolio	36	(176)

6. Expenditure for the Pune JV has been reduced and the costs associated with the required modifications to the plant are under review. The JV partners are visiting Australia this month and further discussions regarding the JV will be held. Further updates to the market will be made after this visit.

General

7. The Company confirms that it is in compliance with the Listing Rules, in particular Listing Rule 3.1.
8. I confirm that the Company's' responses set out in this letter have been authorised and approved by the Board of Directors of the Company.

For and on behalf of
LWP Technologies Limited

A handwritten signature in blue ink, appearing to read 'Daniel Lanskey', is enclosed in a thin black rectangular border.

Daniel Lanskey
Chairman

Phone: +61 (0) 451 558 018
Email: dan.lanskey@lwptech.com



22 August 2017

Andrew Bursill
Company Secretary
LWP Technologies Limited
Suite 2, Level 10
70 Phillip Street
SYDNEY NSW 2000

By email: abursill@fa.com.au

Dear Mr Bursill,

LWP Technologies Limited (“LWP”): aware query

ASX Limited (“ASX”) refers to the following:

- A. LWP’s announcement entitled “Update on R&D Tax Rebate” lodged on the ASX Market Announcements Platform (‘MAP’) and released on 14 August 2017 (the “R&D Rebate”), disclosing that the Australian Tax Office had rejected or amended various R&D claims made by LWP resulting in a substantial reduction to those claims (“**the Information**”);
- B. LWP’s announcement entitled “Appendix 4C Quarterly” for the quarter ended 30 June 2017 released on MAP on 31 July 2017 (“**Appendix 4C**”);
- C. LWP’s announcement entitled “Half Yearly Report and Accounts” for the half year ended 31 December 2016 released on MAP on 1 March 2017 (“**Half year Accounts**”);
- D. LWP’s announcement entitled “Response to ASX” together with the ASX query letter released on MAP on 17 May 2017 which stated that despite having negative cashflow the LWP was expectant of receiving significant R&D grants in the near future (“**17 May Response**”);
- E. LWP’s announcement entitled “Monthly Cash Flow Report” for November 2016 released on MAP on 28 December 2016 (“**November Cashflow**”);
- F. LWP’s announcement entitled “Monthly Cash Flow Report” for October 2016 released on MAP on 30 November 2016 (“**October Cashflow Report**”);
- G. Listing Rule 3.1, which 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.
- H. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into

possession of the information in the course of the performance of their duties as an officer of that entity”

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* “When does an entity become aware of information”.

- I. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- J. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

ASX Questions

Having regard to the above, ASX asks LWP to respond separately to each of the following questions and requests for information:

R&D Rebate

1. Does LWP consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, when did LWP first become aware of the information?

4. If the answer to question 1 is “yes” and LWP first became aware of the information before the relevant date, did LWP make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe LWP was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps LWP took to ensure that the information was released promptly and without delay.

Financial Reports

5. The October Cashflow Report discloses an amount of \$288,000 listed under item 2.5 – net refund from investments, which forms part of LWP’s \$500,000 refund from its Franchise Retail Brands Investment. However, the November Cashflow Report discloses \$0 under item 2.5 - refund of FRB Investment, but the Year to Date figure is \$500,000 despite being only \$288,000 the previous month. Please explain the discrepancy and confirm the amount received for the refund of the Franchise Retail Brands Investment.
6. Item 9.7 of the Appendix 4C shows an expected expenditure for the Pune Joint Venture (JV) of \$43,000 for the forthcoming quarter, which appears inconsistent with LWP’s commitments listed in Note 10 of Half Year Accounts for the Pune JV of US \$17,000 per month as well as a commitment to fund up to US\$410,000. Please explain Item 9.7 of Appendix 4C and confirm it is correct.

General

7. Please confirm that LWP is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that LWP’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 LWP with delegated authority from the board to respond to ASX on disclosure matters.

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 half an hour before the start of trading (ie before 9.30 a.m. AEST) on **28 August 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in LWP’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, LWP’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, if ASX decides to publish it on the ASX Market Announcements Platform.

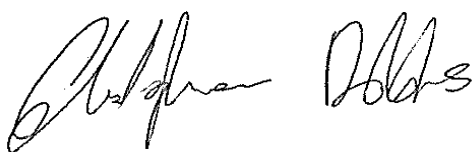
Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to LWP'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 LWP'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.

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
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E: chris.dobbs@asx.com.au