

Quarterly Review and Company Update

- Board and Management Changes
 - Appointment of Non-Executive Chairman – Mr. Daniel Lanskey
 - Appointment of Chief Financial Officer/Company Secretary – Mr. David Clark
 - Finalisation of Agreements - Mr. Siegfried Konig
- Graphenera JV – Court proceedings result in costs against LWP
- Update on R&D Claims – Facilitation meeting with ATO scheduled 12 December 2017
- Independent Corporate Governance Review and End of Year Audit – Revised Completion Date - 30 November 2017.
- Hallmark and LWP terminate business arrangements
- Appointment of Law Firm Dentons to conduct Legal Review
- Cash Balance \$469,000 – Listed Equity Portfolio \$187,659

Board and Management Changes

On 24 July 2017, the Company announced the resignation of Mr Siegfried Konig from the position of Executive Chairman and the appointment of Mr Daniel Lanskey as the Non-Executive Chairman. On 2 November 2017, the Consultancy Agreement and Variation Agreement between the Company, White Picket Fence Pty Ltd and Mr Siegfried Konig was terminated by mutual consent. A final payment of \$37,000 plus GST was paid as full and final settlement.

The resignation of Mr Andrew Bursill as Company Secretary became effective as of 30 August 2017 and Mr David Clark was appointed Chief Financial Officer and Company Secretary as of 26 September 2017.

The Directors of the Company are Mr David Henson (USA), Mr Declan McCaffrey (Australia) and Mr Daniel Lanskey (Australia) – Non-Executive Chairman.

Graphenera JV – Court Action

Because of the failed Joint Venture with VVV Technologies Pty Ltd, the Company instigated proceedings in the Queensland Supreme Court to recover funds invested and halt the sale of any shares held by the parties involved.

On 21 July 2017, the Court dismissed the matter and awarded costs against LWP. The Company is still waiting on notification of the final costs in relation to the proceedings.

R&D Claims with the Australian Tax Office

Background

The Company lodged separate rebate claims for R&D expenditure for the Financial Years ending 30 June 2014 and 30 June 2015 for Ecopropp Pty Ltd and a separate claim for LWP for the Financial Year ended 30 June 2015. Based on the final amended claims the Company may have been entitled to certain rebates.

As advised to the market in August 2017, the ATO has rejected the Company claim for 2015 year and made reductions to the proposed amounts for the Ecopropp 2014 and 2015 claims. The Company has lodged formal objections to the rulings by the ATO and a facilitation meeting with the ATO is scheduled for Tuesday 12 December 2017 in Brisbane.

The Company plans to lodge an R&D claim for the Financial Year ended 30 June 2016 following the facilitation meeting.

Voluntary Suspension Requested

On 14 August 2017, upon receipt of advice from the Australian Tax Office regarding R&D tax rebates, the Board resolved to request the voluntary suspension in the trading of the securities of the Company on the ASX pending an internal review.

End of Year Audit and Corporate Governance Review

The Company continues to work with the Auditor, BDO Brisbane, and DMAW Lawyers tasked with a review of the Corporate Governance procedures within the Company. Following consultation with both parties and Dentons Lawyers (see below), additional time is required to complete a thorough examination of matters that have arisen to date. A new target date for completion of these activities is 30 November 2017.

Termination of agreements with Hallmark Minerals (India)

Background

In July 2015, the Company advised that it had entered into an agreement in relation to a proposed Joint Venture with Hallmark Minerals of Pune, India. Under the agreement, a Joint Venture company was to be formed with LWP holding 60% and Hallmark 40%. The Company also advised that a \$1million license fee was to be paid for the use of the proppant technology in India. The agreement had a sunset clause of 30 June 2017 if all the requisite conditions of the agreement had not been undertaken by the two parties.

Because of the Company entering into this agreement, certain milestones that formed part of the original acquisition of Ecopropp Pty Ltd were triggered, resulting in the issue of shares to parties related to Ecopropp.

A recent assessment of the existing Pune plant, identified the requirement of approximately \$US4million of equipment to enable an upgrade to manufacture the LWP fly ash based proppant.

Update

In October 2017, the Principals of Hallmark Minerals travelled to Australia and met with the Chairman and Mr Siegfried Konig on the Gold Coast. After reviewing the signed documentation, both parties agreed that certain requirements had not been carried out by 30 June 2017 including the establishment of the Joint Venture Company, therefore releasing both parties from any further obligations.

Independent Legal Review – Dentons Appointed

On 17 October 2017, the Company announced that the Board had resolved to appoint the law firm Dentons to conduct an independent legal review of aspects of the business and investment activities of the Company. This review is to include an examination of the Hallmark agreements and other investment activity by the Company. The purpose is to confirm compliance with the Corporations Act, ASX Listing Rules or other statutory obligations by the company in its dealings with any Director or any party associated with or related to the Company.

The review is ongoing.

Cost Cutting Measures

Further cost cutting measures have been implemented to preserve cash pending the finalisation of the End of Year Audit and the Corporate Governance and Legal Review.

A summary of the ongoing monthly commitments as at the time of this report are: -

- David Henson has agreed to forgo his CEO Americas payments.
- Total Board fees have been reduced to a total monthly cost of \$12,000 (ex GST) split between the three Directors.
- Mr David Clark is part time as the CFO and Company Secretary at a cost of \$150 per hour as required until the end of year Audit and ATO matters are completed.
- Agreements with Mr Ralph Enderle for Engineering Services remain in place and are subject to review by the Company.
- The Company maintains a serviced office in Brisbane at a modest monthly cost.
- The Clontarf Pilot Plant is currently in care and maintenance mode. Monthly rent is currently \$3889 per month (ex GST).

Cash and Equity Investments as at 30 September 2017

The Cash Balance at the end of the Quarter was \$469,000.

Equity Investments: -

- As at 30 September 2017, the market value of the ASX Listed equity investments held by the Company was \$187,659, comprised of 5 investments in ASX listed entities.
- In addition to the ASX Listed equity investments held by the Company, the Company also holds within its portfolio one investment in an unlisted unit trust. (which represents 8.6% of the units in the trust).
- Excluding the unlisted unit trust, the Company does not have any substantial shareholding as defined by section 671B of the Corporations Act in any of these entities.
- None of the securities are in the S&P index.
- The Company has instructed the Portfolio Manager to liquidate the holdings.
- The market capitalisation of the securities invested are presented below:

Number of securities	Market capitalisation
3	Less than \$10 million
2	\$10m - \$50 million

– ENDS –

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