LWP Technologies

ABN 80 112 379 503

ANNUAL REPORT

FOR THE YEAR ENDED
30 June 2018

CHAIRMAN'S LETTER

Dear Shareholder

The last 12 months have been a challenging time for the Company. In August 2017, the Board requested that trading in the securities of the Company on the Australian Securities Exchange be suspended. At this time the suspension remains in place.

Following the completion of an independent Corporate Governance Report and Independent Legal Report in December quarter of 2017, both reports were submitted to the ASX and ASIC. In January 2018, ASIC advised the Company that it had commenced an investigation into certain business activities conducted by the Company prior to June 30, 2017. The Board has co-operated fully with the ASX and ASIC in these matters and we await a final report from ASIC. At this time, we are not certain how long this process will take to complete.

The Company holds US patent 9,587,170 for "Proppant Material Incorporating Fly Ash and Method of Manufacture" in relation to the process of manufacturing Proppant for use in the oil and gas industry. During the first quarter of 2018, following discussions with various oil and gas industry suppliers in the USA it became clear that the underlying technology, whilst having merit from a technical basis, is economically not viable in the foreseeable future. Many incumbent manufacturers of Ceramic Proppants have idled their manufacturing plants and the oil and gas industry has moved to using low cost sand in the hydraulic fracturing of the majority of wells in the USA. Locally mined sand is able to be transported to the well locations at a fraction of the manufacturing cost of Ceramic Proppants.

As reported in May 2018, after lengthy negotiations with AusIndustry and the Australian Taxation Office, the Company received R&D rebates of $252,945.83 for the financial year ended 2015. An additional claim for a portion of the financial year ended June 2015 by LWP was rejected by AusIndustry and the ATO as the Company was unable to demonstrate significant progress toward commercialisation of the technology or make substantial inventive steps in Australia. Based on these findings, the Company did not lodge a R&D claim with the ATO for subsequent years.

A process of Board renewal has now been completed with the Board currently being Mr Andrew Sparke, Non-Executive Director, Mr David Clark, Non-Executive Director and myself as the Non-Executive Chairman. I would like to particularly thank Mr David Clark for his assistance and professionalism in his additional roles of Chief Financial Officer and Company Secretary. As a Board, we have implemented new internal processes to ensure proper Corporate Governance is in place and remain focused on delivering business outcomes in the interest of all Shareholders.

I am able to report that steps to enable the Company to re-comply with the ASX listing rules are underway. At the 2017 Annual General Meeting held in June 2018, Shareholders approved the consolidation of the shares on issue so that now there are 84,713,796 fully paid ordinary shares on issue. The Board continues to examine new business opportunities outside the Oil and Gas Industry with a view to identifying an opportunity to enable existing Shareholders to regain some value in their Shares.

Any future transaction will be subject to Regulatory and Shareholder approval. At the appropriate time, existing shareholders will be offered the opportunity to participate in future capital raising/s.

Thank you for your patience during this time of change, and please feel free to contact me directly should you have any questions.

Yours sincerely

Dan Lanskey
Chairman
LWP Technologies Limited

DIRECTORS' REPORT

Your Directors present their report on the Consolidated Entity consisting of LWP Technologies Limited ("LWP" or "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2018.

DIRECTORS

The following persons were directors of LWP Technologies Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Position	Period of Directorship
Dan Lanskey	Chairman and Non-Executive Director	Appointed 24 July 2017
Andrew Sparke	Non-Executive Director	Appointed 20 December 2017
David Clark	Non-Executive Director	Appointed 28 June 2018
David Henson	Executive Director	Appointed 15 August 2014, was non-executive up to December 2015 and executive director from January 2016. At the AGM held on 28 June 2018, the re-election of Dr Henson as a director of the Company was not carried as an ordinary resolution. Accordingly, Dr Henson was removed as a director of the Company on 28 June 2018.
Declan McCaffrey	Non-Executive Director	Appointed 26 August 2016, resigned 9 May 2018
Siegfried Konig	Executive Chairman	Appointed 15 August 2014, resigned 24 July 2017

Dan Lanskey
Chairman and Non-Executive Director

Mr Lanskey holds a post graduate Business Degree from Griffith University and has over ten (10) years experience in the oil and gas industry. From 2006 to 2014 Dan was Founding and Managing Director of AusTex Oil Limited (ASX: AOK - OTCQX: ATXDY) which is now a successful US operating oil and gas production company. At AOK, Dan oversaw the initial public listing of AOK on the ASX and subsequent listing on the OTCQX and TSX Venture Exchange and was integral in all capital raising undertaken by the company. Prior to working in the oil and gas industry, Dan was involved in the information technology industry in Australia, Asia and North America. Dan is also Chairman of TurnTable Energy Limited, an unlisted Australian public company and licensed oil and gas operator and producer based in Oklahoma and Chairman of The Needle Corporation Inc. (TSX-V:NEDL.P), a Capital Pool Corporation listed on the TSX Venture exchange.

Mr Lanskey was a Director of the Xped Limited (ASX: XPE) (formerly the Raya Group Limited) from 14 January 2015 to 22 October 2015. Mr Lanskey resigned as a director of AusTex Oil Limited on 19 June 2014. Mr Lanskey has not been a Director of any other Australian listed company in the last three years.

Andrew Sparke
Non-Executive Director

Mr. Sparke is a Director at Lanstead Investors Pty Ltd, a UK based investment fund and heads up their Sydney office. Andrew has extensive experience in Equity Capital Markets (ECM), capital raising and corporate advisory services for ASX listed companies. Prior to joining Lanstead Investors, Mr. Sparke worked for a number of Australian and Asian investment banks completing numerous equity raisings & corporate transactions including IPO's, backdoor listings and private equity transactions.

Mr. Sparke is a Director of a number of public and private company's including Olive Capital Pty Ltd and Alt Resources Ltd (ASX: ARS) and was previously a Director and Chairman of Torian Resources Ltd (ASX:TNR). Andrew holds a Bachelor of Business (Marketing), a Masters in Finance (Current) and is a member of the Australian Institute of Company Directors (MAICD).

David Clark
Non-Executive Director and Secretary

Mr Clark is a Chartered Accountant and Chartered Secretary of over twenty (20) years standing and holds a Bachelor of Commerce degree from UNSW and a Master of Business of Administration (Executive) from the Australian Graduate School of Management. Mr Clark is also Chief Financial Officer and Company Secretary of ASX listed and unlisted public companies in the mineral resources, exploration, oil and gas and infrastructure industries and in the development of advanced carbon technologies. Mr Clark is also a member of the audit, risk and finance committee of an international global health organisation.

Dr. David Henson
Executive Director, CEO Americas
Not re-elected as a director at the AGM held on 28 June 2018

PhD BChE

CEO based in Houston TX, former CEO of Siemens conceptual engineering services, then Project Manager of a $3.8 Bn. gas to liquids facility. PhD in Chemical Engineering, over 15 years' experience in process engineering, project management and business development.

David has not been a Director of any other Australian listed company in the last three years.

Declan McCaffrey
Non-Executive Director
Resigned 9 May 2018

Declan has held senior positions in the financial services sector, corporate advisory and oil and gas products sectors. He began his career in the finance sector with Bishopgate Capital and Libertas Partners in London before taking a position at Ecopropp as business development manager. He currently holds directorships with two private companies, a wine producer and accommodation operator and a prominent real estate agency and land developer.

He has not been a Director of any other Australian listed company in the last three years.

Siegfried Konig
Executive Chairman
Resigned 24 July 2017

MAICD
Entrepreneur and LWP Technologies Co-Founder. 30 years' experience in business management, successful listing of 3 start-up companies on ASX. Global relationships in capital markets & public company sector. Siegfried is an early stage investor with experience in building companies from start up to IPO and company management.

Mr Konig has not been a Director of any other Australian listed company in the last three years.

Company Secretary

David Clark

Mr Clark is a Chartered Accountant and Chartered Secretary of over twenty (20) years standing and holds a Bachelor of Commerce degree from UNSW and a Master of Business of Administration (Executive) from the Australian Graduate School of Management. Mr Clark is also Chief Financial Officer and Company Secretary of ASX listed and unlisted public companies in the mineral resources, exploration, oil and gas and infrastructure industries and in the development of advanced carbon technologies. Mr Clark is also a member of the audit, risk and finance committee of an international global health organisation.

DIRECTOR INTERESTS IN THE SHARES AND OPTIONS OF THE CONSOLIDATED ENTITY

As at the date of this report, the Directors held the following shares and options in LWP Technologies Limited:

Director	Shares	Options
Dan Lanskey	Nil	Nil
Andrew Sparke[1]	16,928,572	1,714,286
David Clark	Nil	Nil

(1) This shareholding is held beneficially by Lanstead Capital LP. Mr Sparke is a director of Lanstead Investors Pty Ltd, a subsidiary of Lanstead Capital LP.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings and circular resolutions of the Company's Directors held during the year ended 30 June 2018 and the number of meetings attended by each Director. There are no committees of directors. All relevant matters are considered by the Board.

	Meetings attended	Eligible to attend
Dan Lanskey	10	10
Andrew Sparke	6	6
David Clark	-	-
David Henson	9	9
Declan McCaffrey	10	10
Siegfried Konig	1	1

PRINCIPAL ACTIVITIES

LWP Technologies Limited (LWP) is an Australian energy technology company, which has focused on the development of a fly ash based proppant for use in hydraulic fracturing of oil and gas wells. Proppants are a sand-like commodity used to 'prop' open fractures in shale rocks which allows oil and gas to flow from underground reservoirs into the well bore.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are subject to environmental regulations in relation to its development of the proppant technology.

REVIEW AND RESULTS OF OPERATIONS

Information on the operations and financial position of the Group and its business strategies and prospects for future financial years is set out in the Chairman's Letter and Annual Report. The auditors have issued a qualified opinion in their auditor's report with regard to the Graphenera Investment and an emphasis of matter with regard to a material uncertainty regarding going concern. This matter is disclosed in Note 1 in the financial report.

Financial Performance and Position

The loss for the consolidated entity after providing for income tax for the 2018 financial year amounted to $844,909 (2017: Loss of $9,936,485).

The consolidated entity had cash reserves at 30 June 2018 of $220,603 (2017: $666,377).

Capital Raisings

No capital raisings were undertaken by the Company during the financial year.

Significant changes in the state of affairs

Board changes

On 24 July 2017, the Company announced the retirement, effective immediately, of Executive Chairman Mr Siegfried Konig as a director of the Company. The Company also announced the appointment of experienced oil and gas executive and public company director, Mr Daniel (Dan) Lanskey as a non-executive director and Chairman. The Consultancy and Variation agreements between Mr Konig and the Company were subsequently terminated on 2 November 2017 where a full and final payment of $37,000 (ex GST) was made to Mr Konig in settlement. The Company and Mr Konig further agreed to indemnify each other such that neither party will take legal action against the other.

On 20 December 2017, the Company announced the appointment of experienced finance and equity markets executive and public company director, Mr. Andrew Sparke as a Non-Executive Director of the Company. Mr. Sparke is a Director at Lanstead Investors Pty Ltd, a UK based investment fund and Lanstead Capital LP is the largest shareholder of the Company.

Following the 2017 Annual General Meeting of the Company held on 28 June 2018, the Company noted the re-election of Dr David Henson as a director of the Company was not carried as an ordinary resolution. Accordingly, the Company announced the appointment, on an interim basis, of Mr David Clark as a Non-Executive Director of the Company, effective from 28 June, 2018, to fill the vacancy that had arisen. Mr Clark's appointment as a non-executive director compliments his existing responsibilities as Chief Financial Officer and Company Secretary where his appointment to these roles was announced on 27 September 2017.

Hallmark Joint Venture

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. Subsequent to the end of the financial year, 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. On 16 October 2017, the Company announced Hallmark and the Company mutually agreed to exit the proposed Joint Venture with effect as at 1 July 2017 and each party releases the other from any further obligation to each other.

ATO R&D Tax Incentive

In August 2017, the Company announced the ATO has rejected the Company's claim for 2015 year and imposed a shortfall interest liability amount of $52,080 which has been provided for in the accounts. The ATO has also reduced the proposed amounts for the Ecopropp 2014 and 2015 claims to zero. The Company lodged formal objections to the rulings by the ATO and a facilitation meeting with the ATO was held in December 2017. In May 2018, the ATO reversed its decision and refunded an amount of $252,946 (including interest of $1,953) and agreed to reverse the shortfall interest charge.

Clontarf Pilot Plant

In 2015, the Company established a Pilot Plant at Clontarf near Brisbane to test the scalability and characteristic of the proppant technology. The Pilot Plant remains in a care and maintenance mode, subject to finalising arrangements to sell the on-site equipment or sale as a small manufacturing plant for ceramic products, the Company has given notice to vacate the premises at the end of September 2018.

Graphenera Investment

In June 2016, the Company entered into an agreement with VVV Technologies Pty Ltd, to invest $1.6million subject to various milestones in a Graphene-Aluminium-Air battery technology. On 25th August 2016, LWP issued a breach notice regarding the agreements and on 30th September 2016, LWP terminated its arrangements with VVV. The Company advanced a total of $718,897 for investment in development of the technology during the financial year ended 30 June 2017. A subsequent action commenced by LWP in the Supreme Court of Queensland, was later withdrawn by the Company resulting in costs being awarded against LWP in July 2017. On 30 November 2017, the Company after negotiations, paid VVV Technologies an amount of $95,000 as full and final settlement.

Independent Corporate Governance and Legal Reviews

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 Independent Corporate Governance Review conducted by DMAW Lawyers, and the Independent Legal Review by Dentons were completed in December 2017. Both reviews highlighted apparent departures from generally accepted process and procedures with regards to related party transactions, share issue procedures, share trading and timing of board engagement in decision making and scheduling of board meetings, based on the information available.

Both reports have been forwarded to the ASX. In January 2018, ASIC advised the Company that an inquiry into certain activities had commenced and issued a Notice under Section 33 of the Corporations Act for information in addition to that included in the Independent Corporate Governance and Independent Legal Review reports. The Company continues to co-operate fully with the ASX and ASIC during this process. ASIC representatives have advised the Company of ASIC Information Sheet 152: "Public Comment". As the matters are ongoing, no further comment can be made at this stage and an update will be made to the market at the appropriate time as guided by ASIC and the ASX.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

LIKELY DEVELOPMENTS AND FUTURE OPERATIONS

At the time of this report, trading in the securities of the Company remains suspended. With the continued support of our major shareholders, the Company is planning to restructure and raise additional capital in the New Year to ensure continuation of the business. The Board is reviewing several existing businesses in the Oil and Gas Sector and Mineral Exploration with the view of identifying a complimentary business that would provide growth opportunities, whilst enabling the existing technology to be retained.

INDEMNIFICATION AND INSURANCES OF OFFICERS OR AUDITOR

Each of the Directors and the Secretary of the Company has entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company and certain indemnification to those Directors and Secretary. The Company has insured all of the Directors of LWP Technologies Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances. The Company has not indemnified its auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CONSOLIDATION OF SHARE CAPITAL

At the 2017 Annual General Meeting of the Company held on 28 June 2018, shareholders approved the consolidation of its equity securities by converting every seventy (70) existing shares, options or performance rights into one (1) share, option or performance right.

As a result of the Consolidation, the post-Consolidation Share structure of the Company is as follows:

Capital Structure	**Shares**	**Unlisted Options**	**Performance Rights**
Pre-Consolidation	5,929,872,725	120,000,000	21,372,500
Post-Consolidation	84,713,796	1,714,286	305,327

The exercise price of the unlisted options has increased by a factor of seventy (70), as follows:

Unlisted Options	**Pre-Consolidation**
Unlisted Options exercisable at $0.006 on or before 1 September 2019	120,000,000
	Post-Consolidation
Unquoted Options exercisable at $0.42 on or before 1 September 2019	1,714,286

The vesting price of the Performance Rights have increased by a factor of seventy (70), as follows:

Performance Rights	**Pre-Consolidation**
Tranche 1 Performance Rights vest if the share price is above $0.022 VWAP for 5 consecutive trading days on or before 25 June 2019	8,092,500
Tranche 2 Performance Rights vest if the share price is above $0.033 VWAP for 5 consecutive trading days on or before 25 June 2019	13,280,000
	Post-Consolidation
Tranche 1 Performance Rights vest if the share price is above $1.54 VWAP for 5 consecutive trading days on or before 25 June 2019	115,610
Tranche 2 Performance Rights vest if the share price is above $2.31 VWAP for 5 consecutive trading days on or before 25 June 2019	189,717

SHARE OPTIONS

Details of options at the date of this report are as follows:

Expiry Date	Exercise Price	Number of Options
1 September 2019	$0.42	1,714,286

Since year end no options have been exercised.

PERFORMANCE RIGHTS

Details of performance rights on issue during the financial year are set out below:

Expiry Date	Vesting Price	Number of Rights
25 June 2019	$1.54	115,610
25 June 2019	$2.31	189,617

Since year end no performance rights have vested.

DIVIDENDS

No dividends were paid or declared during the financial year.

AFTER BALANCE DATE EVENTS

German Laboratory

Under an Agreement with Drend Solutions, the Company has invested in laboratory equipment for use by Dr Ralph Enderle, Phd Dipl. Mineraloge, who is the inventor of the Patented technology. The Laboratory is in Nuremburg, Germany. Under two agreements, commencing from 1 July 2017, the Company agreed to pay monthly payments of Euros €7,620 to Drend Solutions and AUD $3,500 to Git-X LLC to cover Laboratory and consulting expenses for a term of one year. On 26 July, 2018, the Company and Drend Solutions and GIT-X LLC agreed to terminate the two agreements by paying outstanding amounts owed to 31 March 2018, additional laboratory rental costs of Euros €4,836 to 30 June 2018 and prepay Euros €2,500 for destruction of waste material.

Former Chief Executive Officer, Americas Arrangements

The Company entered into a service arrangement with Dr. David Henson commencing from 17 January 2016. The key terms of the arrangement were a three year term; a fee of US$275,000 per annum; and a 2 month notice period. Dr Henson agreed to suspend payment of his monthly fee from 1 August 2017 until such time when the Company will have sufficient funds to pay Mr Henson. At the AGM held on 28 June 2018, the re-election of Dr Henson as a director of the Company was not carried as an ordinary resolution. Accordingly, Dr Henson was removed as a director of the Company on 28 June 2018. On 7 August 2018, the Company and Dr Henson agreed to a payment of AUD $50,000 in full and final settlement of amounts owed under the service agreement. This payment was accrued as an expense and corresponding liability in the 2018 FY accounts.

Except for the above matters, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company in future financial years.

Non-audit services

The amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are $53,968 (2017: $104,580) for taxation services.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 3 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of BDO Audit Pty Ltd

There are no officers of the company who are former partners of BDO Audit Pty Ltd.

REMUNERATION REPORT

The Remuneration Report set out on pages 9 to 15 provides details of the remuneration and equity holdings of the Directors and Key Management Personnel, including details of equity instruments issued or exercised during the financial year up to 30 June 2017 forms part of the Directors' Report.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration on page 16 forms part of the Directors' Report.

Signed in accordance with a resolution of the board of directors of LWP Technologies Limited.

Dan Lanskey
Chairman and Non-Executive Director
Brisbane

31 August 2018

REMUNERATION REPORT - AUDITED

This report details the nature of remuneration for Directors and Key Management Personnel of the Company.

Remuneration Policy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

Remuneration Committee

The Board does not have Remuneration or Nomination Committees. The full Board is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team.

The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Officers are given the opportunity to receive their base emoluments in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the company.

Remuneration structure

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant employment market conditions.

To assist in achieving this objective, the Board considers the nature and amount of Executive Directors' and Officers' emoluments alongside the company's financial and operational performance. The expected outcomes of the remuneration structure are the retention and motivation of key Executives, the attraction of quality management to the Company and performance incentives which allow Executives to share the rewards of the success of the company.

In accordance with best practice corporate governance, the structure of Executive and Non-Executive Director remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of LWP Technologies Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in a General Meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for Directors' fees is for a total of $300,000 per annum.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. Non-Executive Directors are entitled to be paid travel and other expenses properly incurred by them in attending Directors or General Meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of Non-Executive Directors for the year ended 30 June 2018 is detailed in this Remuneration Report.

Executive Directors and Senior Management Remuneration

The Company aims to reward Executive Directors and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- reward Executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Directors and Senior Management may from time to time be fixed by the Board. As noted above, the Board's policy is to align Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives. The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board, and the process consists of a review of company wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the year.

The remuneration of the Executive Directors and Senior Management for the period ended 30 June 2018 is detailed in this Remuneration Report.

Employment contracts

It is the Board's policy that employment agreements are entered into with all Directors, Executives and employees. No current employment contracts contain early termination clauses. All Non-Executive Directors have contracts of employment. None of these contracts have termination benefits.

Chairman and Non Executive Director – Dan Lanskey
The Company entered into a service arrangement with Mr Dan Lanskey, Chairman and Non Executive Director, commencing from 24 July 2017 at a fee of $5,000 (ex GST) per month. The payments to Mr Lanskey are made through Etranz.com Pty Ltd, a company in which Mr Lanskey has a substantial interest.

Non Executive Director - Andrew Sparke
The Company entered into a service arrangement with Mr Sparke commencing from his appointment on 20 December 2017. No cash payments were paid to Mr Sparke in his role as Non-executive director during the 2018 financial year. Mr Sparke is accrued $2,000 per month as a Non-Executive Director. Mr Sparke is a director of Lanstead Investors Pty Ltd, a subsidiary of Lanstead Capital LP, the largest shareholder of the Company.

Non Executive Director, Secretary and Chief Financial Officer - David Clark
The Company entered into a service arrangement with Mr Clark in his role as Non-executive director and whereby Mr Clark agrees to provide management services to LWP Technologies Limited in the role of Secretary and Chief Financial Officer on an agreed upon fee structure. Mr Clark's contract will continue until the agreement is validly terminated. The Company or Mr Clark may terminate the contract by giving one month's written notice.

Former Executive Chairman
The Company entered into a service arrangement with Mr Siegfried Konig as Executive Chairman of the Company commencing from 8 June 2015. The key terms of the arrangement were a three year term with the option of an extension for a further three years; a fee of $285,000 per annum plus superannuation payable at 9.5%; a cash bonus of 25% of remuneration if the market capitalisation of the Company increases in any year by more than 50%; a vehicle allowance up to $12,000 per annum; and a 12 month notice period. The payments to Mr Konig were made through WPF Pty Ltd, a company in which Mr Konig has a substantial interest. Mr Konig resigned as Executive Chairman on 24 July 2017. The Consultancy and Variation agreements between Mr Konig and the Company were terminated on 2 November 2017 where a full and final payment of $37,000 (ex GST) was made to Mr Konig in settlement. The Company and Mr Konig further agreed to indemnify each other such that neither party will take legal action against the other.

Former Chief Executive Officer, Americas

The Company entered into a service arrangement with Dr. David Henson commencing from 17 January 2016. The key terms of the arrangement were a three year term; a fee of US$275,000 per annum; and a 2 month notice period. Dr Henson agreed to suspend payment of his monthly fee from 1 August 2017 until such time when the Company will have sufficient funds to pay Mr Henson. At the AGM held on 28 June 2018, the re-election of Dr Henson as a director of the Company was not carried as an ordinary resolution. Accordingly, Dr Henson was removed as a director of the Company on 28 June 2018. On 7 August 2018, the Company and Dr Henson agreed to a payment of AUD $50,000 in full and final settlement of amounts owed under the service agreement. This payment was made on 13 August, 2018 and was accrued as an expense and corresponding liability in the 2018 FY accounts.

Former Non Executive Director - Declan McCaffrey

There is no written agreement with Mr McCaffrey. Mr McCaffrey is paid $2,000 per month as a Non-Executive Director during the 2018 financial year. Mr McCaffrey resigned as a non executive director of the Company on 9 May 2018.

Details of Directors and other Key Management – LWP Technologies Limited

Name	Position	Period of Service
Directors		
Dan Lanskey	Chairman and Non-Executive Director	Appointed 24 July 2017
Andrew Sparke	Non-Executive Director	Appointed 20 December 2017
David Clark	Non-Executive Director, Secretary and Chief Financial Officer	Appointed Non-Executive Director on 28 June 2018; appointed Secretary and Chief Financial Officer on 26 September 2017
David Henson	Executive Director	Appointed 15 August 2014, was non-executive up to December 2015 and executive director from January 2016. At the AGM held on 28 June 2018, the re-election of Dr Henson as a director of the Company was not carried as an ordinary resolution. Accordingly, Dr Henson was removed as a director of the Company on 28 June 2018.
Declan McCaffrey	Non-Executive Director	Appointed 26 August 2016, resigned 9 May, 2018
Siegfried Konig	Former Executive Chairman	Appointed 15 August 2014, resigned 24 July 2017

REMUNERATION REPORT - AUDITED

Remuneration of Directors and other Key Management Personnel – 2018

		Short Term Benefits		Long Term Benefits	Post Employment Benefits	Equity based Benefits			
	Salary/ Director fees	Consulting Fees	Non-monetary benefits	Leave benefits	Superannuation	Options	**Total**	Performance Related %	% of bonus forfeited
Directors									
Dan Lanskey	58,650	-	-	-	-	-	58,650	-	-
Andrew Sparke	12,733	-	-	-	-	-	12,733	-	-
David Clark	59,879	-	-	-	-	-	59,879	-	-
Declan McCaffrey	17,033	-	-	-	-	-	17,033	-	-
David Henson	81,767	-	-	-	-	-	81,767	-	-
Siegfried Konig	95,563	-	-	-	-	-	95,563	-	-
								-	-
Total LWP	**325,625**	-	-	-	-	-	**325,625**	-	-

REMUNERATION REPORT - AUDITED

Remuneration of Directors and other Key Management Personnel – 2017

	Short Term Benefits			Long Term Benefits	Post-Employment Benefits	Equity based Benefits			
	Salary/ Director fees	Bonus	Non-monetary benefits	Leave benefits	Superannuation	Options	**Total**	Performance Related %	% of bonus forfeited
Directors									
Dan Lanskey**	-	-	-	-	-	-	-	-	-
Declan McCaffrey	-	-	-	-	-	-	-	-	-
David Henson	354,139	-	-	-	-	-	354,139	-	-
Siegfried Konig*	313,598*	6,000	-	-	28,030	-	347,628	-	-
Sean Corbin***	81,814	6,000	-	-	-	-	87,814		
								-	-
Total LWP	**749,551**	**12,000**	**-**	**-**	**28,030**	**-**	**789,581**		

** Appointed on 24 July 2017 (after 2017 year-end).

*Mr Konig received two cash bonuses as follows:

1) $75,000 representing 25% of the entitled remuneration for the company achieving market capitalisation in any year by more than 50%. This bonus does not require maintenance of the market capitalisation and was paid in full.

2) Discretionary bonus of $28,974 for the company raising more than $3 million at $0.011 per share. This bonus was paid in full.

*** Resigned on 21 November 2016

Key management personnel equity holdings

Shareholdings

	Balance 1 July 2017	Acquired through Capital Raisings	Other additions	70:1 Consolidation	Derecognized on resignation	Balance 30 June 2018
Directors						
Dan Lanskey	-	-	-	-	-	-
Andrew Sparke [1, 2]	-	-	1,185,000,000	(1,168,071,429)	-	16,928,571
David Clark	-	-	-	-	-	-
David Henson [3]	70,626,196	-	-	-	(70,626,196)	-
Declan McCaffrey [3]	5,374,556	-	-	-	(5,374,556)	-
Siegfried Konig [3]	369,261,325	-	-	-	(369,261,325)	-
	445,262,077	**-**	**1,185,000,000**	**(1,168,071,429)**	**(445,262,077)**	**16,928,571**

No options were granted during the year

(1) Deemed acquisition when joined the Board or Company.
(2) Held beneficially by Lanstead Capital LP. Mr Sparke is a director of Lanstead Investors Pty Ltd, a subsidiary of Lanstead Capital LP.
(3) Deemed disposal when left the Board or Company.

Details of performance rights on issue during the financial year are set out below:

		Movements				
Expiry Date	**Vesting Price**	**1 July 2017**	**70:1 Consolidation**	**Exercised**	**Expired**	**30 June 2018**
25 June 2019	$1.54	8,092,500	(7,976,890)	-	-	115,610
25 June 2019	$2.31	13,280,000	(13,090,283)	-	-	189,717

The weighted average remaining contractual life of the share options outstanding at year end was 1.0 year.

Relationship between remuneration and Company performance

The factors that are considered to affect shareholder return in the past 5 years are summarised below:

Measures	2017 $	2017 $	2016 $	2015 $	2014 $
Share price at end of financial year	0.07[1]	0.001	0.005	0.011	0.010
Market capitalisation at end of financial year ($M)	5.93	5.93	22.8	23.7	3.16
Net Profit/(loss) for the financial year	(844,908)	(9,936,485)	(5,996,978)	(6,479,201)	(1,138,053)
Director and Key Management Personnel remuneration	325,625	891,139	854,122	180,000	357,842

[1.] The Company underwent a 70:1 consolidation following approval of the consolidation at the AGM held on 28 June 2018. The shares of the Company were suspended from trading on 14 August 2017. Market capitalisation has remained unchanged as the shares remain suspended from trading and is based on the post-consolidation share price of $0.07.

Fixed remuneration is not linked to consolidated entity performance. It is set with reference to the individual's role, responsibilities and performance and remuneration levels for similar positions in the market.

Key performance indicators are deemed an appropriate performance measure for the granting of short and long term incentives to senior executives given that it is the key target hurdle referenced by the Board in preparing its operations strategy and measuring consolidated entity performance.

REMUNERATION REPORT - AUDITED

Share prices are subject to the influence of international energy prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration.

No dividends were paid by LWP Technologies Limited nor was there any return of capital over the past 5 years.

No shares were issued on exercise of options issued as part of remuneration in 2018.

No options lapsed during the period due to vesting conditions not being met.

No equity instruments were issued as remuneration in 2018.

The Company did not engage any remuneration consultants during the financial year.

Other transactions with related parties to Key management personnel and directors

Mr Siegfried Konig, a former Director and Chairman of Ecopropp Pty Ltd and LWP had control of an AMEX business credit card in his name and linked Ecopropp Pty Ltd to the account. LWP was not aware of this AMEX business credit card and its associated debt until a letter was received from AMEX by the Company in March 2018 demanding payment in full of $69,140 (including interest of $18,497). This debt is a personal debt incurred by Mr Konig and the Company considers payment of this debt to be the sole responsibility of Mr Konig. As Ecopropp Pty Ltd is linked to the account, the debt has been provided for as an expense and a corresponding liability of the consolidated entity. LWP has made full provision for the claim, notwithstanding its intention to defend the claim and/or seek a settlement with AMEX. LWP has also requested Mr Siegfried Konig to settle this personal debt. Should this not occur and LWP ultimately suffers a loss, then LWP will consider its rights and responsibilities and whether the matter needs to be referred to the appropriate authorities.

------------------------------ END OF REMUNERATION REPORT ------------------------------

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF LWP TECHNOLOGIES LIMITED

As lead auditor of LWP Technologies Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of LWP Technologies Limited and the entity it controlled during the period.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 31 August 2018

ADDITIONAL ASX INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 22 August, 2018.

Distribution of equity securities

LWP – Ordinary Fully Paid Shares

Number of Securities Held	**No's of holders**
1 to 1,000	257
1,001 to 5,000	998
5,001 to 10,000	508
10,001 to 100,000	1,006
100,001 and over	111
Total	**2,880**
Number of unmarketable parcels of shares	2,863

Twenty largest holders

Ordinary Fully Paid Shares

No.	**Name of Shareholder**	**Holding**	**% Held**
1	CITICORP NOMINEES PTY LIMITED	9,354,324	11.04
2	BNP PARIBAS NOMINEES PTY LTD <GLOBAL PRIME OMNI DRP>	5,565,972	6.57
3	MR SIEGFRIED BERNHARDT KONIG + MRS SANDRA ANN KONIG <SK SUPERANNUATION FUND A/C>	4,448,354	5.25
4	CSH ENGINEERING PTY LTD	2,025,647	2.39
5	TERRA ROYALTY LLC	1,082,778	1.28
6	COPIA BARL CORP	976,261	1.15
7	MPS STAFF SUPER PTY LTD <MPSSF INVESTMENTS A/C>	913,245	1.08
8	MR HAKAN BASAGAC	878,572	1.04
9	MR ILYA MARTINALBO <THE SONALBOS A/C>	764,660	0.90
10	MR DANIEL ROBIN CAVALLI + MR STEPHEN FREDERICK CAVALLI <DR CAVALLI SUPER FUND A/C>	586,501	0.69
11	J P MORGAN NOMINEES AUSTRALIA LIMITED	583,491	0.69
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	574,811	0.68
13	FLOTECK CONSULTANTS LIMITED	571,429	0.67
14	YORLAT PTY LTD <GOBBERT SUPER FUND A/C>	571,429	0.67
15	MR RONALD P ZAPLETAL <SUSAN P ZAPLETAL FAMILY 2012 G>	552,784	0.65
16	EAS ADVISORS LLC	524,747	0.62
17	MRS HONGYAN MA	500,000	0.59
18	PLAMIN PTY LTD	496,847	0.59
19	DR SHARYN HENSEL <SHARYN GAYE HENSEL A/C>	464,286	0.59
20	MS BIANCA KLOTZSCHE	447,695	0.53
	Top 20 Holders of ORDINARY SHARES (TOTAL)	**31,883,833**	**37.64**
	Total Remaining Holders Balance	**52,829,963**	**62.36**

ADDITIONAL ASX INFORMATION

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Substantial Shareholders

The company has the following substantial shareholders as at 17 November 2017:

- CITICORP NOMINEES PTY LIMITED holds an interest in 9,354,324 shares (11.04%)
- BNP PARIBAS NOMINEES PTY LTD <GLOBAL PRIME OMNI DRP> holds an interest in 5,565,972 shares (6.57%)
- MR SIEGFRIED BERNHARDT KONIG + MRS SANDRA ANN KONIG <SK SUPERANNUATION FUND A/C> holds an interest in 4,448,354 shares (5.25%)

Other Information

The name of the Company Secretary is David Wallace Clark

The address of the principal registered office is Level 54, 111 Eagle Street Brisbane Qld 4000.

Registers of Securities are held at the following address:

Computershare Investor Services Limited
Level 11 172 St Georges Terrace
Perth, W.A 6000

Trading has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

The Company has used its funds in line with its business objectives.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Note	2018 $	2017 $
Interest revenue		**17,867**	8,160
Dividend revenue		**-**	176
Fair value (loss) gain on financial assets at fair value through the profit and loss	9	**-**	-
Other income		**38,643**	78,550
Administration expenses		**(377,319)**	(414,603)
Depreciation and amortisation expenses	10	**-**	(99,422)
Expenses relating to the advancement of proppant technology		**(233,847)**	(1,885,239)
Employee and consultant expenses	4	**(265,747)**	(1,185,973)
Finance costs		**(3,173)**	(52,186)
Impairment of plant and equipment	10	**-**	(305,138)
Impairment of receivables	7	**-**	(117,025)
Legal expenses		**(132,924)**	(211,344)
Loss on revaluation of financial assets	4, 9	**(47,123)**	(4,839,173)
Marketing and travel expenses		**(23,138)**	(464,232)
Other expenses	4	**(69,140)**	-
Share of equity accounted associate's loss and impairment of investment in associate	11	**-**	(718,897)
Settlement of R&D Tax Offset Incentive	12	**250,993**	-
Loss before income tax		**(844,908)**	(9,936,485)
Income tax expense	2	**-**	-
Loss after income tax		**(844,908)**	(9,936,485)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss)		(844,908)	(9,936,485)

	Note	Cents	Cents
Loss per share			
Basic loss per share	5	**(1.00)**	(12.20)
Diluted loss per share	5	**(1.00)**	(12.20)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements

STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position
As at 30 June 2018

	Note	2018 $	2017 $
CURRENT ASSETS			
Cash and cash equivalents	6	**220,603**	666,377
Trade and other receivables	7	**12,486**	35,261
Other assets	8	**13,215**	20,479
Financial assets at fair value through profit or loss	9	-	373,150
TOTAL CURRENT ASSETS		**246,304**	1,095,267
NON-CURRENT ASSETS			
Plant and equipment	10	-	4,000
TOTAL NON-CURRENT ASSETS		-	4,000
TOTAL ASSETS		**246,304**	1,099,267
CURRENT LIABILITIES			
Trade and other payables	11	**233,870**	235,138
Provisions	12	**45,294**	52,081
TOTAL CURRENT LIABILITIES		**279,164**	287,219
TOTAL LIABILITIES		**279,164**	287,219
NET ASSETS		**(32,860)**	**812,048**
EQUITY			
Contributed capital	13	**465,158**	465,158
Reserves	14	-	346,890
Accumulated losses		**(498,018)**	-
TOTAL EQUITY		**(32,860)**	**812,048**

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity
For the year ended 30 June 2018

	Contributed Capital	Share Based Payment Reserve	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2016	21,831,039	346,890	(17,492,081)	4,685,848
Comprehensive income				
Loss after income tax	-	-	(9,936,485)	(9,936,485)
Total comprehensive income	-	-	(9,936,485)	(9,936,485)
Transactions with owners in their capacity as owners				
Contributions of capital	6,515,685	-	-	6,515,685
Share issue costs	(453,000)	-	-	(453,000)
Reduction of capital - s258F	(27,428,566)	-	27,428,566	-
Total	(21,365,881)	-	27,428,566	6,062,685
Balance at 30 June 2017	**465,158**	**346,890**	**-**	**812,048**
Balance at 1 July 2017	465,158	346,890	-	812,048
Comprehensive income				
Loss after income tax	-	-	(844,908)	(844,908)
Total comprehensive income	-	-	(844,908)	(844,908)
Transactions with owners in their capacity as owners				
Contributions of capital	-	-	-	-
Share issue costs	-	-	-	-
Options lapsed unexercised	-	(346,890)	346,890	-
Total	-	(346,890)	346,890	-
Balance at 30 June 2018	**465,158**	**-**	**(499,018)**	**(32,860)**

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		17,867	8,160
Dividends received		-	176
Payments to suppliers and employees		(1,054,548)	(3,596,297)
Finance costs		-	(106)
Settlement of R&D Tax Offset Incentive	12	250,993	-
Other receipts		9,887	
Net cash provided by/(used in) operating activities	15	(775,801)	(3,588,067)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of plant & equipment	10	4,000	-
Payments for plant & equipment		-	(5,030)
Refund (Payments) for related party deposit		-	400,000
Contributions to Graphenera Pty Ltd		-	(718,897)
Payments for financial assets		-	(145,000)
Proceeds from the sale of financial assets	9	326,027	1,062,874
Funds advanced to other parties		-	(117,025)
Net cash provided by/(used in) investing activities		330,027	476,922
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions of capital		-	1,963,810
Capital raising costs		-	(33,000)
Net cash provided/(used in) by financing activities		-	1,930,810
Net increase/(decrease) in cash and cash equivalents held		(445,774)	(1,180,335)
Cash and cash equivalents at the beginning of the financial year		**666,377**	1,846,712
Cash and cash equivalents at the end of the financial year		**220,603**	**666,377**

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

This financial report covers the Consolidated Entity of LWP Technologies Limited (the "Company") and its controlled entities (together referred to as the "Consolidated Entity").

The accounting policies have been consistently applied, unless otherwise stated.

Operations and principal activities
LWP Technologies Limited is an Australian oil and gas technology company focused on developing a next generation, fly-ash based, proppant for use in hydraulic fracturing (fracking) of oil and gas wells globally. Proppants are a major input and cost item in the fracking process and represent a multi-billion dollar global market annually. They are a sand-like commodity used to 'prop' open fractures in shale rocks which allows oil and gas to flow. LWP Technologies is seeking to commercialise its proppant as a cost effective, superior alternative to bauxite and clay based proppants, typically used in fracking operations currently.

Currency
The financial report is presented in Australian dollars, rounded to the nearest dollar, which is the functional currency of the Company.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. LWP Technologies Limited is a for-profit entity for the purpose of preparing the financial statements. The financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (IFRS) and interpretations as issued by the International Accounting Standards Board (IASB).

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a net loss after tax for the 2018 financial year of $844,908 (2017: Loss of $9,936,485) and net operating cash outflows of $775,801 (2017: Outflows of $3,588,067). As at 30 June 2018 the consolidated entity had cash of $220,603 (2017: $666,377).

The ability of the consolidated entity to continue as a going concern is principally dependent upon the following conditions:

- the ability of the consolidated entity to meet its cashflow forecasts;
- the ability of the consolidated entity to continue raise capital, as and when necessary; and
- the ability of the consolidated entity to sell its intellectual property.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- ability to apply discretion in the consolidated entity's spending;
- ongoing progress on development of the Group's intellectual property which could yield financial returns when successfully exploited.
- The vetting of potential business opportunities to vend assets into the Company.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

Historical cost convention
The financial statements have been prepared under the historical convention, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies.

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Consolidated Entity. The estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

Lanstead Sharing Agreement
Fair value of the Lanstead-LWP sharing agreement is sensitive to actual share prices and trading volatility of LWP shares. As result of the Company's share price being below the required VWAP and uncertainty around when the share price would increase and achieve the required VWAP under the Lanstead – LWP sharing agreement, management have determined the fair value of the derivative asset as nil. The Lanstead Sharing Agreement concluded in November 2017.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period and future periods if the revision affects both current and future periods.

Accounting policies

(a) Principles of Consolidation

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Business combinations
Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(b) Income Tax

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of policy for impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of asset is:

Class of Fixed Asset	Depreciation Rate
Motor vehicles	25%
Office equipment	40% - 67%
Workshop equipment	14% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership is transferred to entities in the Consolidated Entity, are classified as finance leases. Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments

Recognition and initial measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Consolidated Entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are expected to mature greater than 12 months after the end of the reporting period. All other investments are classified as current assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss. Available-for-sale financial assets are included in non-current assets where they are expected to be sold greater than 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment
At the end of each reporting period, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial guarantees
Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

– the likelihood of the guaranteed party defaulting in a year period;
– the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
– the maximum loss exposed if the guaranteed party were to default.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of non financial assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Employee Benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations
The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Contributions to defined contribution plans are expensed when incurred.

(h) Cash and Cash Equivalents

For statement of cash flow presentation purposes cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the balance sheet.

(i) Revenue and Other Income

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when the rights to receive the dividends are established.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant tax authority. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the relevant tax authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the relevant tax authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Share Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Earnings/Loss per Share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(m) Comparative Figures

When required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Foreign Exchange

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedges. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Intangible Assets

Research and development

Costs associated with maintaining the proppant technology are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique proppant technologies controlled by the consolidated entity are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the technology so that it will be available for use
- management intends to complete the technology and use or sell it
- there is an ability to use or sell the technology
- it can be demonstrated how the technology will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the technology are available, and
- the expenditure attributable to the technology during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the technology include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(p) Finance Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

For non-specific borrowings, borrowing costs are capitalised using a weighted average capitalisation rate. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the consolidated entity incurs in connection with the borrowing of funds.

(q) Investment in Associates

Associates are entities in which the Consolidated Entity has significant influence, but not control, over the financial and operating policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Consolidated Entity's share of net assets of the associate company. The Consolidated Entity's share of the profit or loss of the associate company is included in the Consolidated Entity's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Consolidated Entity's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Consolidated Entity and the associate are eliminated to the extent of the Consolidated Entity's interest in the associate.

When the Consolidated Entity's share of losses in an associate equal or exceeds its interest in the associate, the Consolidated Entity discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Consolidated Entity will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) New Accounting Standards

The Consolidated Entity adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2018. There were no material impacts on the financial statements of the Consolidated Entity as a result of adopting these standards.

(s) New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard **AASB 9 Financial Instruments**

Nature of change AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 July 2018:

The financial assets held by the Group primarily comprise cash and debt instruments currently measured at amortised cost which meet the conditions for classification at amortised cost under AASB 9.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group expects no significant increase in the loss allowance for trade debtors.

The new standard also introduces expanded disclosure requirements and changes in presentation. These may change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption Must be applied for financial years commencing on or after 1 July 2018. The Group will apply the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) New Standards and Interpretations Not Yet Adopted (con't)

Title of standard	AASB 15 Revenue from Contracts with Customers
Nature of change	The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised good and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods and services. To achieve this objective, AASB 15 provides the following five-step process: • identify the contract(s) with a customer • identify the performance obligations in the contract(s); • determine the transaction price; • allocate the transaction price to the performance obligations in the contract(s); and • recognise revenue when (or as) the performance obligations are satisfied.
Impact	The transitional provisions of this Standard permit an entity o either restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in ASSB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue. The Group has assessed the impact of AASB 15 and has noted that this will not have a material impact on the accounts.
Date of adoption	Mandatory for financial years commencing on or after 1 July 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.
Title of standard	**AASB 16 Leases**
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has no non-cancellable operating lease commitments. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.
Mandatory application date/Date of adoption by Group	Mandatory for financial years commencing on or after 1 July 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will likely not restate comparative amounts for the year prior to first adoption.

	2018	2017
	$	$

NOTE 2 INCOME TAX

A reconciliation of income tax expense (benefit) applicable to accounting profit/ (loss) before income tax at the statutory income tax rate to income tax expense (benefit) recognised for the years ended 30 June 2018 and 2017 is as follows:

	2018	2017
Accounting profit /(loss) before income tax	(844,908)	(9,936,485)
Tax at the Australian tax rate of 27.5% (2017: 27.5%)	(232,350)	(2,732,533)
Tax effect of non-deductible expenses		
Impairment of plant and equipment	1,265	83,913
Loss (Gain) on revaluation of financial assets	11,694	1,304,648
Impairment of receivables	-	32,182
Share of equity accounted associate's loss and impairment of investment in associate	-	196,046
Other accrued expenses	19,013	-
Unrealised Foreign Currency Loss	2,237	-
Deferred tax assets not brought to account	198,141	1,115,744
Income tax	-	-

Unrecognised temporary differences and tax losses

	2018	2017
Unused tax losses opening balance (@ 27.5%)	11,404,118	9,847,502
Under provision of income tax	-	1,376,179
Change in tax rate	-	(935,307)
Deferred tax assets not brought to account	198,141	1,115,744
Unused tax losses and temporary differences for which no deferred tax asset has been recognised (@27.5%)	11,602,259	11,404,118

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise these benefits.

NOTE 3 AUDITOR'S REMUNERATION

	2018	2017
	$	$
Audit services – BDO Audit Pty Ltd	-	-
Audit of financial reports	57,116	70,500
Non-audit services – BDO (Qld) Pty Ltd		
Taxation services	53,968	104,580

NOTE 4 EXPENSES

	Note	2018 $	2017 $
Employee benefits expenses			
Defined contribution superannuation expense		-	28,030
Other employee benefits expenses		265,747	1,157,943
Total employee benefits expenses		**265,747**	1,185,973
Rental expense relating to operating leases			
Minimum lease payments		50,556	51,372
Loss on revaluation of financial assets			
Fair value loss/Impairment expense - ASX listed shares		47,123	151,360
Loss on revaluation of financial assets - Receivable from Lanstead Sharing Agreement	9	-	4,687,813
Total loss on revaluation of financial assets		47,123	4,839,173
Other expenses			
AMEX credit card liability incurred by a former Director and Chairman		69,140	-
Total other expenses		69,140	-

Other transactions with related parties to Key management personnel and directors

Mr Siegfried Konig, a former Director and Chairman of Ecopropp Pty Ltd and LWP had control of an AMEX business credit card in his name and linked Ecopropp Pty Ltd to the account. LWP was not aware of this AMEX business credit card and its associated debt until a letter was received from AMEX by the Company in March 2018 demanding payment in full of $69,140 (including interest of $18,497). This debt is a personal debt incurred by Mr Konig and the Company considers payment of this debt to be the sole responsibility of Mr Konig. As Ecopropp Pty Ltd is linked to the account, the debt has been provided for as an expense and a corresponding liability of the consolidated entity. LWP has made full provision for the claim, notwithstanding its intention to defend the claim and/or seek a settlement with AMEX. LWP has also requested Mr Siegfried Konig to settle this personal debt. Should this not occur and LWP ultimately suffers a loss, then LWP will consider its rights and responsibilities and whether the matter needs to be referred to the appropriate authorities.

NOTE 5 LOSS PER SHARE

	2018 $	2017 $
Basic and diluted loss per share (cents per share)	(1.00)	(12.20)
Loss used to calculate basic and diluted EPS	(844,908)	(9,936,485)

Weighted average number of shares and options calculated on a 70:1 post consolidation basis	**Number of shares**	**Number of shares**
Weighted average number of ordinary shares outstanding during the year, used in calculating basic loss per share	84,713,796	81,446,460
Weighted average number of dilutive options outstanding during the year	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the year, used in calculating diluted loss per share	84,713,796	81,446,460

Options are not considered dilutive as they are currently out of the money. Options may become dilutive in the future.

NOTE 6 CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash at bank and on hand	220,603	586,377
Cash on deposit	-	80,000
	220,603	**666,377**

NOTE 7 TRADE AND OTHER RECEIVABLES

CURRENT		
GST and other receivables	12,486	35,261
Loan receivables	-	117,025
Provision for impairment	-	(117,025)
Loan to Omnet Pty Ltd	-	300,000
Provision for impairment	-	(300,000)
	12,486	**35,261**

There are no trade and other receivables that are past due and not impaired.

NOTE 8 OTHER ASSETS

Prepayments	13,215	20,479
	13,215	**20,479**

NOTE 9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are all held for trading and include the following:

	2018	2017
	$	$
Financial assets at fair value through profit or loss	**-**	**373,150**

Movements during the year

Year ended 30 June 2018	**2018**	**2017**
Balance at 1 July 2017	373,150	1,442,384
Payments for financial assets	-	145,000
Proceeds from sale of financial assets	(326,027)	(1,062,874)
Fair value loss/Impairment expense during the year	(47,123)	(151,360)
Balance at 30 June 2018	**-**	**373,150**

The financial assets above are all ASX listed equities measured at fair value through profit or loss with the exception of $73,714 in investments that have been fully impaired. All financial assets listed above are considered to be level 1, as the instruments are traded in an active listed market.

NOTE 10 PLANT AND EQUIPMENT

	2018	2017
Motor vehicles at cost	4,000	21,909
Disposal	(4,000)	-
Impairment expense	-	(8,231)
Accumulated depreciation	-	(9,678)
	-	4,000
Office furniture and equipment at cost	-	14,589
Impairment expense	-	(9,320)
Accumulated depreciation	-	(5,269)
	-	-
Lab and workshop equipment at cost	-	412,664
Impairment expense	-	(287,587)
Accumulated depreciation	-	(125,077)
	-	-
Total plant and equipment at cost	-	449,162
Total impairment expense	-	(305,138)
Total accumulated depreciation	-	(140,024)
Total plant and equipment	**-**	4,000

Following completion of the proppant laboratory and pilot plant, an assessment of the recoverable amount of all Plant and Equipment was performed and all items were written down to their recoverable amount based on estimates of their value.

Movements during the year

Year ended 30 June 2018	Motor Vehicles	Office Furniture and Equipment	Lab and Workshop Equipment	Total
Balance at 1 July 2017	**4,000**	**-**	**-**	**4,000**
Disposals	(4,000)	-	-	(4,000)
Impairment expense	-	-	-	-
Depreciation	-	-	-	-
Balance at 30 June 2018	**-**	**-**	**-**	**-**

Year ended 30 June 2017	Motor Vehicles	Office Furniture and Equipment	Lab and Workshop Equipment	Total
Balance at 1 July 2016	**17,708**	**4,140**	**379,151**	**400,999**
Additions	-	7,561	-	7,561
Impairment expense	(8,231)	(9,320)	(287,587)	(305,138)
Depreciation	(5,477)	(2,381)	(91,564)	(99,422)
Balance at 30 June 2017	**4,000**	**-**	**-**	**4,000**

NOTE 11 TRADE AND OTHER PAYABLES

CURRENT		
Trade payables	118,519	39,645
Other payables and accrued expenses	115,351	195,493
	233,870	235,138

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

Other payables and accrued expenses generally arise from normal transactions within the usual operating activities of the consolidated entity and comprise items such as employee taxes, employee on costs, GST and other recurring items.

NOTE 12 PROVISIONS

	2018	**2017**
	$	**$**
CURRENT		
Provision for Settlement of Tax Dispute	**45,294**	52,081

Movements during the period

Opening balance	52,081	-
Gain on settlement of dispute	-	-
Shortfall interest provided for	-	52,081
General Interest Charges	3,173	-
GST refunds used by ATO to reduce shortfall interest amount	(9,960)	-
	45,294	52,081

Provision for Settlement of Tax Dispute

On 20th February 2017, the consolidated entity announced that LWP has met with ATO representatives regarding the monies owed to LWP under the R&D tax offset grant in respect of the 2015 financial year. ATO representatives have visited LWP's Pilot Plant in Queensland. LWP has since provided additional information to the ATO. R&D offset tax experts BDO, have been retained to assist LWP. Further information requested by the ATO was forwarded to them regarding LWP's claims. The ATO initially rejected the R&D tax offset claimed in the 2015 income tax return and imposed shortfall interest charge of $52,080. During the 2018 financial year, the consolidated entity objected to the disallowance of the R&D tax incentive and the shortfall interest charge. In May 2018, after facilitating a discussion with the ATO, the ATO reversed its decision and refunded an amount of $252,946 (including interest of $1,953) and agreed to reverse the shortfall interest charge.

NOTE 13 CONTRIBUTED CAPITAL

	2018 $	2017 $
(a) Share capital		
84,713,796 ordinary shares (30 June 2017: 5,929,872,725)	**465,158**	**465,158**
Total share capital	**465,158**	**465,158**

(b) Movements in ordinary share capital	**Number of shares**	**Price per share**	**$**
Ordinary shares			
Balance at 30 June 2016	**4,566,325,609**		**21,831,039**
Shares issued to participants in Share Purchase Plan	42,820,000	$0.0050	214,100
Shares issued as consulting fees for Indian JV	32,000,000	$0.0050	160,000
Shares issued as consulting fees for Lanstead Capital LP placement	103,727,116	$0.0049	516,585
Shares issued to Lanstead Capital LP	281,250,000	$0.0050	845,000
Shares issued to Lanstead Capital LP as a value payment for entering into a sharing agreement	60,000,000	$0.0050	-
Shares issued to Lanstead Capital LP under the sharing agreement	843,750,000	**	4,780,000
Share issue costs			(453,000)
Reduction of Capital - S258F*			(27,428,566)
Sub total	**1,363,547,116**		**(21,365,881)**
Balance at 30 June 2017	**5,929,872,725**		**465,158**
Consolidation at 70:1 approved by shareholders at the 2017 Annual General Meeting held on 28 June 2018	(5,845,158,929)		-
Sub total	**84,713,796**		**-**
Balance at 30 June 2018	**84,713,796**		**465,158**

* On 30 June 2017 the Company reduced its share capital by $27,428,566 in accordance with Section 258F of the Corporations Act.
** Share issue price is subject to the Sharing Agreement with Lanstead Capital LP

At the Annual General Meeting of the Company held on 28 June 2018, shareholders approved the consolidation of its equity securities by converting every seventy (70) existing shares, options or performance rights into one (1) share, option or performance right.

NOTE 13 CONTRIBUTED CAPITAL (CONT'D)

As a result of the Consolidation, the post-Consolidation Share structure of the Company is as follows:

Capital Structure	Shares	Unlisted Options	Performance Rights
Pre-Consolidation	5,929,872,725	120,000,000	21,372,500
Post-Consolidation	84,713,796	1,714,286	305,327

The exercise price of the unlisted options has increased by a factor of seventy (70), as follows:

Unlisted Options	Pre-Consolidation
Unlisted Options exercisable at $0.006 on or before 1 September 2019	120,000,000
	Post-Consolidation
Unquoted Options exercisable at $0.42 on or before 1 September 2019	1,714,286

The vesting price of the Performance Rights have increased by a factor of seventy (70), as follows:

Performance Rights	Pre-Consolidation
Tranche 1 Performance Rights vest if the share price is above $0.022 VWAP for 5 consecutive trading days on or before 25 June 2019	8,092,500
Tranche 2 Performance Rights vest if the share price is above $0.033 VWAP for 5 consecutive trading days on or before 25 June 2019	13,280,000
	Post-Consolidation
Tranche 1 Performance Rights vest if the share price is above $1.54 VWAP for 5 consecutive trading days on or before 25 June 2019	115,610
Tranche 2 Performance Rights vest if the share price is above $2.31 VWAP for 5 consecutive trading days on or before 25 June 2019	189,717

Ordinary shares
Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Other Equity Instruments

Share Options
Details of options on issue during the financial year are set out below:

		Movements				
Expiry Date	**Exercise Price**	**1 July 2017**	**Issued**	**Exercised**	**Consolidated**	**30 June 2018**
1 September 2019	$0.42	120,000,000	-	-	(118,285,714)	1,714,286

The weighted average remaining contractual life of the share options outstanding at year end was 1.17 years.

Performance Rights
On 24 July 2014 and following shareholder approval received at a general meeting of shareholders held on 25 June 2014, the consolidated entity issued 8,092,500 Tranche 1 Performance Rights and 13,280,000 Performance Rights to former directors. Each Tranche 1 Performance Right gives the holder the right to be issued 1 Share for nil consideration if the volume weighted average price of the Company's shares is above 2.2 cents for 5 consecutive trading days. Each Tranche 2 Performance Right gives the holder the right to be issued 1 Share for nil consideration if the volume weighted average price of the Company's shares is above 3.3 cents for 5 consecutive trading days. The Performance Rights will lapse if the vesting hurdles are not satisfied within 5 years of the date of the Meeting.

Details of performance rights on issue during the financial year are set out below:

		Movements				
Expiry Date	Vesting Price	1 July 2017	Issued	Exercised	Consolidated	30 June 2018
25 June 2019	$1.54	8,092,500	-	-	(7,976,890)	115,610
25 June 2019	$2.31	13,280,000	-	-	(13,090,283)	189,717

The weighted average remaining contractual life of the performance rights options outstanding at year end was 1 year.

Reduction of Share Capital

On 30 June 2017, LWP Limited reduced its share capital by $27,428,566 in accordance with section 258F of the Corporations Act 2001, reducing accumulated losses deemed to be of a permanent nature by the same amount. There is no impact on shareholders from the capital reduction as no shares have been cancelled or rights varied, and there is no change in the net asset position of the Company. There is also no impact on the availability of the Company's tax losses from this capital reduction. See Note 17 for further information.

NOTE 14 RESERVES

	2018	2017
	$	$
Share based payment reserve	-	**346,890**

The share based payments reserve is used to record the value of options provided to the Company's US advisor, EAS Advisors LLC, acting through Merriman Capital, Inc. as part of their consideration for services to be provided to the Company as part of the capital raising in August 2015 to professional and sophisticated investors in Australia and the United States.

Movements during the year

Opening balance	346,890	346,890
Movement	(346,890)	-
Closing balance	-	**346,890**

The Company agreed to issue 50,000,000 options to EAS Advisory LLC on 26 May 2015 as payment for advisory services in relation to a capital raising undertaken in August 2015. Tranche 1 options expired unexercised on 30 September 2016. Tranche 2 options expired unexercised on 30 September 2017. On expiry of Tranche 2 options, the total value of Tranche 1 and Tranche 2 options in the sum of $346,890 was credited against accumulated losses.

NOTE 15 CASH FLOW INFORMATION

	2018 $	2017 $
Reconciliation of cash flows from operations with profit/(loss) after tax		
Loss after income tax	(844,908)	(9,936,485)
Non-cash items in loss after income tax		
Depreciation and amortisation	-	99,422
Loss on held for trading financial assets	47,123	-
Impairment of plant and equipment	-	305,138
Impairment of receivables	-	117,025
Loss on revaluation of financial assets	-	4,839,173
Movements in operating assets and liabilities		
Trade and other receivables	22,775	688,386
Other assets	7,264	429,912
Trade and other payables	(1,268)	(182,719)
Provisions	(6,787)	52,081
Net cash used in operating activities	(775,801)	(3,588,067

NOTE 16 RELATED PARTY TRANSACTIONS

	2018 $	2017 $
Key Management Personnel Compensation		
Short-term benefits	325,625	749,551
Consulting Fees	-	12,000
Post-employment benefits	-	28,030
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	325,625	789,581

Detailed remuneration disclosures are provided in the remuneration report on pages 9 to 15.

Transactions with related parties

Mr Daniel Lanskey

The Company entered into a service arrangement with Mr Dan Lanskey as Chairman and Non-Executive Director, commencing from 24 July 2017 at a fee of $5,000 (ex GST) per month. The payments to Mr Lanskey are made through Etranz.com Pty Ltd, a company in which Mr Lanskey has a substantial interest.

Mr Andrew Sparke
The Company entered into a service arrangement with Mr Sparke in his role as Non Executive Director, commencing from his appointment on 20 December 2017. No cash payments were paid to Mr Sparke during the 2018 financial year. Mr Sparke is accrued $2,000 per month as a Non-Executive Director. Mr Sparke is a director of Lanstead Investors Pty Ltd, a subsidiary of Lanstead Capital LP, the largest shareholder of the Company.

Mr David Clark
The Company entered into a service arrangement with Mr Clark in his role as Non-Executive Director and whereby Mr Clark agrees to provide management services to LWP Technologies Limited in his role of Non Executive Director, Secretary and Chief Financial Officer on an agreed upon fee structure. The payments to Mr Clark are made through D.W. Clark & Co., Chartered Accountant, a firm owned by Mr Clark.

Dr David Henson
There is a service arrangement with Dr. David Henson as Chief Executive Officer, Americas Arrangements commencing from 17 January 2016. The key terms of the arrangement are a three year term; a fee of US$275,000 per annum; and a 2 month notice period. Mr Henson agreed to suspend payment of his monthly fee from 1 August 2017 until such time when the Company will have sufficient funds to pay Mr Henson.

Mr Declan McCaffrey
There is no written agreement with Mr McCaffrey and no cash payments were paid to Mr McCaffrey in his role as Non-executive director during the 2017 financial year. Consulting fees of $50,000 were paid to Mr McCaffrey on 19 August 2016 prior to his appointment as a Non Executive Director on 26 August 2016 made up of a cash payment of $24,000 and share based payment of $26,000. The payment to Mr McCaffrey was made through McCaffrey's Estate Pty Ltd, a company in which Mr McCaffrey has a substantial interest. Mr McCaffrey is paid $2,000 per month as a Non-Executive Director.

Mr Siegfried Konig
There is a service agreement commencing from 8 June 2015 with Mr Siegfried Konig as Executive Chairman of the Company. The key terms of the arrangement were a three (3) year term with the option of an extension for a further three years; a fee of $285,000 per annum plus superannuation payable at 9.5%; cash bonus of 25% of remuneration if the market capitalisation of the Company increases in any year by more than 50%; a vehicle allowance up to $12,000 per annum; and a 12 month notice period. The payments to Mr Konig were made through WPF Pty Ltd, a company in which Mr Konig has a substantial interest. Mr Konig resigned as Executive Chairman on 24 July 2017. The Consultancy and Variation agreements between Mr Konig and the Company were terminated on 2 November 2017 where a full and final payment of $37,000 (ex GST) was made to Mr Konig in settlement. The Company and Mr Konig further agreed to indemnify each other such that neither party will take legal action against the other.

Other transactions with related parties to Key management personnel and directors
Mr Siegfried Konig, a former Director and Chairman of Ecopropp Pty Ltd and LWP had control of an AMEX business credit card in his name and linked Ecopropp Pty Ltd to the account. LWP was not aware of this AMEX business credit card and its associated debt until a letter was received from AMEX by the Company in March 2018 demanding payment in full of $69,140 (including interest of $18,497). This debt is a personal debt incurred by Mr Konig and the Company considers payment of this debt to be the sole responsibility of Mr Konig. As Ecopropp Pty Ltd is linked to the account, the debt has been provided for as an expense and a corresponding liability of the consolidated entity. LWP has made full provision for the claim, notwithstanding its intention to defend the claim and/or seek a settlement with AMEX. LWP has also requested Mr Siegfried Konig to settle this personal debt. Should this not occur and LWP ultimately suffers a loss, then LWP will consider its rights and responsibilities and whether the matter needs to be referred to the appropriate authorities.

NOTE 17 FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main risk arising from the financial instruments is credit risk and foreign exchange risk.

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for day to day management of these risks to the Chief Finance Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the consolidated entity’s competitiveness and flexibility. Further details regarding these policies are set out below:

NOTE 17 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity. It arises from exposure to customers as well as through deposits with financial institutions.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There is no collateral held as security at 30 June 2018. Credit risk is reviewed regularly by the Board.

Maximum exposure to credit risk

	2018 $	2017 $
Summary exposure		
Cash and cash equivalents	220,603	666,377
Loan receivables	-	117,025
Loan to Omnet Pty Ltd	-	300,000
GST and other receivables	12,486	35,261
	233,089	**1,118,613**

An amount of $9,887 was received from the Administrator of Omnet Pty Ltd in full and final settlement of the loan of $300,000 to Omnet. The loan amount had been impaired in full at 30 June 2017.

Liquidity risk

Liquidity risk is the risk that the consolidated entity may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board.

The consolidated entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained.

Remaining contractual maturities

The tables below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at period end. The amounts disclosed represent undiscounted cash flows. The tables include both interest and principal cash flows and therefore the totals may differ from their carrying amount in the balance sheet.

The remaining contractual maturities of the financial liabilities are:

30 June 2018	Fixed interest rate	1 year or less $	1 to 2 years $	Over 2 years $	Total $
Trade and other payables	-	233,870	-	-	233,870

30 June 2017	Fixed interest rate	1 year or less $	1 to 2 years $	Over 2 years $	Total $
Trade and other payables	-	235,138	-	-	235,138

NOTE 17 FINANCIAL RISK MANAGEMENT (CONT'D)

Market Risk

Market risk arises from the use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The consolidated entity did not have any direct exposure to market risk.

Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates.

Interest rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the interest rates at reporting date had been 100 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

All cash assets have floating interest rates. At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	2018 $	2017 $
Impact on profit and equity		
+1.00% (100 basis points)	2,206	6,664
-1.00% (100 basis points)	(2,206)	(6,664)

Price risk

The consolidated entity's exposure to securities in the current period arose from its investments in ASX listed companies. The consolidated entity actively monitors the underlying investment in the context of its overall strategic and financial objectives.

At 30 June 2018, the Consolidated Entity had the following exposure to price risk:

Investments in ASX listed companies	-	373,150

At 30 June 2018, if the market prices had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Impact on profit and equity		
+25%	-	105,604
-25%	-	(105,604)

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

NOTE 17 FINANCIAL RISK MANAGEMENT (CONT'D)

Level 1 Investments: Quoted prices (unadjusted) in active markets for identical assets
For the year ended 30 June 2018 the value of the listed shares was based on the closing price of securities as quoted on the ASX on 30 June 2018. Total unrealised loss for the period included in profit and loss that relate to financial assets held at fair value through profit or loss at the end of the reporting period was $47,123 (2017: Unrealised loss $151,360). There were no transfers between these levels.

Capital Risk Management

Management controls the capital of the Consolidated Entity in order to provide capital growth to shareholders and ensure the Consolidated Entity can fund its operations and continue as a going concern. The Consolidated Entity's capital includes ordinary share capital. Further detail on share capital can be found in Note 13. There are no externally imposed capital requirements. Management effectively manages the Consolidated Entity's capital by assessing the Consolidated Entity's financial risks and adjusting its capital structure in response to changes in these risks and the market.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year.

Fair Values

The fair values of financial assets and liabilities approximate their carrying value due to their short term nature. Except for the investment in ASX listed securities, no financial assets or liabilities are readily traded on organised markets in standardised form.

	2018	2017
	$	$
NOTE 18 COMMITMENTS		
Minimum lease payments:		
Payable within one year	12,834	27,927
Payable within one year and five years	-	380
Total contracted at balance date	**12,834**	**28,307**

The Consolidated Entity leases a pilot plant in Clontarf, Queensland and serviced office facility in Brisbane under non-cancellable operating leases expiring within one year. The Company has given notice it will vacate the pilot plant at the end of September 2018. All other leases have expired or been cancelled. There were no capital commitments at 30 June 2018.

NOTE 19 PARENT ENTITY INFORMATION

The legal Parent Entity of the Consolidated Entity is LWP Technologies Limited.

	2018 $	2017 $
Parent Entity Financial Information		
Current assets	246,202	1,093,135
Non-current assets	-	4,000
Total assets	246,202	1,097,135
Current liabilities	279,165	287,219
Non-current liabilities	-	-
Total liabilities	279,165	287,219
Net assets	**(32,963)**	**809,916**
Issued capital	25,512,641	25,512,641
Reserves	1,223,547	1,570,437
Accumulated losses	(26,769,151)	(26,273,162)
Total equity	**(32,963)**	**809,916**
Profit/(loss) after income tax	(844,908)	(12,972,826)
Other comprehensive income	-	-
Total comprehensive income	**(844,908)**	**(12,972,826)**

Commitments, Contingencies and Guarantees of the Parent Entity

The Parent Entity has commitments for the lease of a virtual office and pilot plant (refer Note 18).

The Parent Entity’s has no contingent assets, contingent liabilities or guarantees at balance date.

Controlled Entities of the Parent Entity	Percentage Owned		Country of Incorporation
	2018 %	2017 %	
Ecopropp Pty Ltd	100%	100%	Australia

NOTE 19 PARENT ENTITY INFORMATION (CONT'D)

Reduction of Share Capital

On 30 June 2017, LWP Limited reduced its share capital by $27,428,566 in accordance with section 258F of the Corporations Act 2001, reducing accumulated losses deemed to be of a permanent nature by the same amount. There is no impact on shareholders from the capital reduction as no shares have been cancelled or rights varied, and there is no change in the net asset position of the Company. There is also no impact on the availability of the Company's tax losses from this capital reduction.

The effect on Total Equity in financial statements of the Parent Entity before and after applying s258F at 30 June 2017 is as follows:

LWP Technologies Limited	Consolidated Entity		Parent Entity	
Equity	After applying s258F	Before applying s258F	After applying s258F	Before applying s258F
Issued capital	465,158	27,893,725	25,512,641	52,941,027
Reserves	346,890	346,980	1,570,437	1,570,437
Accumulated losses	-	(27,428,567)	(26,273,162)	(53,701,729)
Total Equity	**812,048**	**812,048**	**809,916**	**809,916**

NOTE 20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The consolidated entity does not have any contingent assets at 30 June 2018 (2017: Nil)

The consolidated entity does not have any contingent liabilities at 30 June 2018 (2017: Nil)

NOTE 21 SEGMENT REPORTING

Reportable Segments

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

Accordingly, management currently identifies the Consolidated Entity as having only one reportable segment, developing and commercialising a next generation, fly-ash based, proppant for use in hydraulic fracturing (fracking) of oil and gas wells globally. The financial results from this segment are equivalent to the financial statements of the consolidated entity. There have been no changes in the operating segments during the year.

NOTE 22 DIVIDENDS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the Company.

NOTE 23 EVENTS AFTER BALANCE DATE

German Laboratory
Under an Agreement with Drend Solutions, the Company has invested in laboratory equipment for use by Dr Ralph Enderle, Phd Dipl. Mineraloge, who is the inventor of the Patented technology. The Laboratory is in Nuremburg, Germany. Under two agreements, commencing from 1 July 2017, the Company agreed to pay monthly payments of Euros €7,620 to Drend Solutions and AUD $3,500 to Git-X LLC to cover Laboratory and consulting expenses for a term of one year. On 26 July, 2018, the Company and Drend Solutions and GIT-X LLC agreed to terminate the two agreements by paying outstanding amounts owed to 31 March 2018, additional laboratory rental costs of Euros €4,836 to 30 June 2018 and prepay Euros €2,500 for destruction of waste material.

Former Chief Executive Officer, Americas
The Company entered into a service arrangement with Dr. David Henson commencing from 17 January 2016. The key terms of the arrangement were a three year term; a fee of US$275,000 per annum; and a 2 month notice period. Dr Henson agreed to suspend payment of his monthly fee from 1 August 2017 until such time when the Company will have sufficient funds to pay Mr Henson. At the AGM held on 28 June 2018, the re-election of Dr Henson as a director of the Company was not carried as an ordinary resolution. Accordingly, Dr Henson was removed as a director of the Company on 28 June 2018. On 7 August 2018, the Company and Dr Henson agreed to a payment of AUD $50,000 in full and final settlement of amounts owed under the service agreement. This payment was accrued as an expense and corresponding liability in the 2018 FY accounts.

Except for the above matters, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company in future financial years.

DIRECTORS' DECLARATION

In the Directors opinion:

(a) the attached consolidated financial statements and notes *and the remuneration report in the Directors' Report* are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements, including:

(i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

(b) the financial statements also comply with International Financial Reporting Standards and Interpretations as disclosed in Note 1 to the consolidated financial statements; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.

David Clark
Director

Brisbane
31 August 2018

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of LWP Technologies Limited

Report on the Audit of the Financial Report

Qualified opinion

We have audited the financial report of LWP Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for qualified opinion

LWP Technologies Limited's 50% investment in Graphenera Pty Ltd and Graphenera IP Pty Ltd (Graphenera), investments in associates acquired during the year ended 30 June 2016 and accounted for by the equity method, are carried at a nil value on the statement of financial position as at 30 June 2017. LWP Technologies Limited's share of Graphenera's net loss and impairment to 30 June 2017 was $718,897. Notwithstanding the 50% investments in Graphenera are carried at a nil value, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of LWP Technologies Limited's investments in Graphenera as at 30 June 2017, or LWP Technologies Limited's share of Graphenera's net loss and impairment for the year ended 30 June 2017. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Our audit report for the year ended 30 June 2017 was modified accordingly. Our opinion on the 30 June 2018 financial report is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Except for the matter described in the *Basis for qualified opinion section* and the matter described in the *Material uncertainty related to going concern section*, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of LWP Technologies Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

C R Jenkins
Director

Brisbane, 31 August 2018