3 February 2017

Issue of Shares to Vendors of Ecopropp Pty Ltd ("Ecopropp") Using Incorrect VWAP

LWP Technologies Limited (ASX code: LWP) (the "**Company**") wishes to advise that a subsequent review of the VWAP used in calculating the shares that were issued to the vendors of Ecopropp on 22 July 2015 was inaccurate, having being calculated at $0.01177 rather than the correct VWAP of $0.0129148.

Circumstance Leading to the Error

The Board of the Company were provided data by internal team members on the both volume and value of trades in the Company's shares on a weekly basis to monitor the Company's ongoing share price performance. The veracity of this data was not tested by the Company prior to relying on it for the calculation of the 5 day VWAP that was used in the calculation of the shares to the vendors of Ecopropp. In hindsight, the Company accepts that it should have requested an independent calculation of the 5 day VWAP for such a significant transaction.

Excess Shares Issued

As a result of the use of the incorrect VWAP, a total of 1,033,041,632 shares were issued to the vendors of Ecopropp, when the correct total was 991,698,550, resulting in an issue of excess shares to the vendors of Ecopropp of 41,343,083 ("**Excess Shares**").

Treatment of the Excess Shares under the ASX Listing Rules

It is noted that the shares issued to the vendors of Ecopropp were subject to a waiver granted by the ASX in relation to ASX Listing Rule 7.3.2 ("**Waiver**") and also subject to shareholder approval, which was granted at the general meeting of members of the Company held on 25 June 2014 ("**Shareholder Approval**").

It is now apparent that the Excess Shares were not issued in accordance with either the Waiver, nor Shareholder Approval.

As a result, when calculating the Company's placement capacity under Listing Rule 7.1 as at 22 July 2015, and for the 12 months following, the Company will treat the Excess Shares as not having been issued with shareholder approval and therefore as part of the variable "C" in the formula in that rule.

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Further it is noted that, as the Excess Shares were not issued in accordance with Shareholder Approval, the portion of the Excess Shares that were issued to each of Mr. Siegfried Konig and Mr. David Henson, were issued in breach of ASX Listing Rule 10.11.

Remedial Action for Breach of Listing Rule 10.11

As a result of the issue of Excess Shares, Mr Siegfried Konig received 9,422,728 ordinary shares and Mr David Henson received 2,183,285 ordinary shares that were issued in breach of ASX Listing Rule 10.11 ("**Excess Director Shares**"), being their respective portions of the Excess Shares issued.

By way of remedial action for the breach of ASX Listing Rule 10.11, both Messrs Konig and Henson have sold their respective Excess Director Shares on-market with the donation by them of the net proceeds of such sales to charity.

Remedial Action for Excess Shares Issued to other Vendors of Ecopropp

In relation to the balance of the Excess Shares issued to other Ecopropp Vendors, the Company has considered various options available to rectify the issue of the Excess Shares to the vendors of Ecopropp (excluding the Directors noted above).

Consideration had been given to writing to each of the Ecopropp Vendors with a view to seeking agreement to dispose of the Excess Shares received by them, but noting that there were in excess of 100 vendors of Ecopropp (**Ecopropp Vendors**), many of whom in the past 17 months since issue have disposed of their holdings, the Company wishes to advise that Mr Siegfried Konig and Mr David Henson agreed to sell double the number of Excess Directors Shares and have now done so.

They have agreed to also donate the net proceeds of such sales to charity, meaning other Ecopropp Vendors will not be required to take any further action.

The Company acknowledges the error that was made in using the incorrect VWAP in the calculation of the shares that were issued to the vendors of Ecopropp on 22 July 2015 and apologises to all shareholders for the resulting issue of Excess Shares.

On behalf of the Board,

Siegfried Konig
Chairman

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About LWP Technologies

LWP Technologies Limited (LWP) is an Australian oil and gas technology company focused on commercialising next generation, fly-ash based, proppants for use in hydraulic fracturing of oil and gas wells globally. LWP is seeking to commercialise its proppants as a cost effective, superior alternative to bauxite and clay based ceramic proppants, typically used in hydraulic fracturing operations currently. The

Company commenced proppant production from its pilot scale proppant manufacturing plant in Queensland, Australia, in Q3, 2015. LWP is seeking joint venture partners and/or licensees to commercialise its proppant product, and deliver significant returns to shareholders.

About Proppants

Proppants are a sand-like commodity used to ‘prop’ open fractures in shale rocks which allows oil and gas to flow. Proppants are often the single largest cost item in the fracking process and represent a multi-billion dollar global market annually. Traditional ceramic proppants are made from clay and/or bauxite.

LWP Technologies ceramic proppants are majority manufactured from fly-ash, a by-product of coal fired power plants. The Company is of the view that its unique proppant product has the potential to lead the industry due to:

- the widespread abundant availability of fly-ash, often near to oil and gas shale resources;
- the ultra-light weight of LWP fly-ash proppants; and
- the ability of LWP proppants to withstand the very high pressures and heat of deep wells.

LWP proppants have been certified by Independent Experts to meet or exceed both the American Petroleum Institute standards and the ISO standards.

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