



## QUANTUM LEAP FOR LWP TECHNOLOGIES

ASX ANNOUNCEMENT

20 July 2015

### INVESTMENT HIGHLIGHTS:

- **First Commercial Transaction - LWP enters into JV to commercialise proppants**
- **Milestones 2 & 3 triggered under Ecopropp Acquisition Agreement**
- **LWP completes further \$6.6 m capital raising**

### First Commercial Transaction

LWP Technologies Limited (ASX: LWP) (LWP, the Company) is pleased to announce that it has entered into a Joint Venture Agreement with Hallmark Minerals (I) Pvt Ltd (**Hallmark**), for the production of LWP's flyash-based proppants, in the state of Maharashtra in India.

This major milestone for LWP represents the first commercialisation transaction for its next generation, light weight ceramic proppants, designed for use in hydraulic fracturing (fracking) of oil and gas wells globally. Hallmark is a leading manufacturer of ceramic proppants.

Under the terms of the Joint Venture, LWP's technology will be utilised to produce its unique flyash proppants in the Hallmark manufacturing facility, which has previously manufactured bauxite-based ceramic proppants. A joint venture company will be formed which will be co-owned by LWP and Hallmark. (**JV Company**)

### Joint Venture Agreement

LWP will own 60% of the JV Company and Hallmark will own the remaining 40%. Pursuant to the Heads of Agreement terms:

- The JV Company will own the manufacturing plant;
- LWP will receive US\$1 million for the technology license for the state of Maharashtra in India;
- LWP will receive 10% of gross revenues in royalties for the technology license;
- The Partners of the JV Company will establish a Board consisting of five members and LWP will nominate three members including the Chairman; and
- The JV Company will investigate additional opportunities for expansion in Maharashtra province including the major cities of Mumbai and Nagpur.

LWP and Hallmark have agreed to prepare such further documentation as may be required to implement the Joint Venture Agreement.

## The Manufacturing Facility

Located in the city of Pune in the Maharashtra province of India, the facility currently has a maximum manufacturing capacity of 12,000 tonnes per annum, operating primarily on a batch processing basis. It is the Joint Venture partners' intention to increase existing capacity via automation to a 24/7 operation. The Facility previously manufactured bauxite based ceramic proppants for the oil & gas industry.

## Trigger Events – Milestones 2 & 3 Achieved

LWP also advises that pursuant to the terms of the previously announced acquisition agreement (**Acquisition Agreement**) between LWP (then known as Coretrack, ASX: CKK) and Ecoprop (ASX announcement, 12 May 2015), execution of the LWP-Hallmark Joint Venture Agreement will result in Milestones 2 and 3 of the LWP-Ecoprop agreement being satisfied. The satisfaction of both of these Milestones will allow LWP to make the final purchase price payment due under the Acquisition Agreement with a final issue of approx. 1.054 billion LWP Shares to the Ecoprop vendors, pursuant to the Acquisition Agreement.

LWP Chairman Siegfried Konig said "The signing of this agreement is the culmination of intensive effort over a long period by the LWP team and I am delighted that the loyal Ecoprop shareholders will now be rewarded for their patience. The Hallmark manufacturing facility has a replacement value in excess of US\$15 million and the Joint Venture will allow us to enter the market more rapidly than would otherwise be the case and prove our technology down-hole in a much shorter period of time. While our long term focus remains on being a technology licensor, making the majority of income from royalties, in the initial stages of commercialisation we will seek to take advantage of plants in working order that are easily converted to our process and that can be acquired for well below replacement cost. The Hallmark Joint Venture represents the first execution of this strategy."

## Capital Raising

In conjunction with the signing of the JV, LWP has completed a capital raising of AUD\$6.6 million at prices of AUD\$ 0.01 to AUD\$ 0.011 cents per share to professional and sophisticated investors in both Australia and the United States. State One Stockbroking Ltd acted as Lead Manager to the Placement and was supported by the Company's U.S. advisor, New York based EAS Advisors LLC, acting through Merriman Capital, Inc.

Chairman Siegfried Konig stated "We were astounded and overjoyed with the support we have received from both current large shareholders and many new large institutional investors and would like to thank EAS Advisors in particular for their assistance. The placement was oversubscribed beyond the initial target of USD \$4 million (AUD \$5.4 million AUD). The funds will allow LWP to execute our plans in the Maharashtra province of India and provide us with additional working capital to investigate similar commercialization opportunities."

ENDS

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## About LWP Technologies

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. The Company is in the final stages of completing a pilot scale proppant manufacturing plant in Queensland, Australia, and plans to commence production in H2, 2015. It then plans to seek joint venture partners and/or licensing agreements to commercialise its proppant product, and deliver significant returns to shareholders.

## About Proppants

Proppants are a sand-like commodity which are a major input and cost item in the hydraulic fracturing (fracking) of oil and gas wells. Proppants are pumped into an oil and gas well under pressure to 'prop' open the tiny fractures created in hydrocarbon-bearing shale rocks during fracking, to allow oil and gas to flow from the ground fractures.

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

- the widespread availability of fly-ash;
- the fly-ash proppants' ultra-light weight; and
- its ability to withstand very high pressures in deep wells.

LWP Technologies proppants have been certified by independent experts, to meet or exceed, both the American Petroleum Institute standards and the ISO standards.

**Ecopropp Pty Ltd**

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20 July 2015

**Open Letter to Ecopropp Shareholders**

Dear Fellow Shareholder

It is with great pride that I pen this final newsletter to you.

My fellow board members, the management team, and I personally, wish to express our sincere thanks for your much valued patience, and continued support.

Some of you have participated in share placements again and again over the years, and without that financial support Ecopropp would no doubt not have succeeded. Our heartfelt thanks go to each and every one of you for keeping the faith, together with us.

By the time this correspondence reaches you, all of your Ecopropp shares will have been converted to LWP Technologies Limited shares, which are freely tradeable on the Australian Stock Exchange (ASX), and Ecopropp will have ceased operations.

From a start-up company in 2010 with little funding and illiquid share capital, the Company is now Listed on the ASX (ASX : LWP) with circa \$9.5 million in cash reserves, the \$3 million Brisbane pilot plant is fully paid for, our Game Changer Technology for the manufacture of ceramic proppants has been patented, we have inked our first commercialisation transaction and the Company has no debt.

Future announcements made by the Company from time to time can be found on our website [www.lwptech.com](http://www.lwptech.com) or on the ASX website.

The ASX announcement made today is attached for your information.

We believe the story is just beginning, and the Company is well positioned to take advantage of emerging opportunities, and we look forward to a bright future together.

Again and most sincerely, the Board, the Management team and I, express our heartfelt thanks for your assistance on our journey, and for your contribution to Ecopropp's success.

Kind regards

Siegfried Konig  
Chairman  
LWP Technologies Limited