LWP TECHNOLOGIES LIMITED
Appendix 4E 2016 Final Report
Results for Announcement to the Market

1. Company Details and Reporting Period

Name of Entity:	LWP Technologies Limited
ABN:	80 112 379 503
Reporting Period:	30 June 2016
Previous Corresponding Period:	30 June 2015

2. Results for Announcement to the Market	**$**
Revenue from ordinary activities down to:	NA
Net loss for the period attributable to members down to:	5,996,978

No dividends were paid or payable during the period.

Refer to page 2 of the Preliminary Financial Statements for the operational and financial review of the Entity.

3. Statement of Comprehensive income with Notes to the Statement

Refer to Page 3 of the 2016 Preliminary Financial Statements and accompanying Notes.

4. Balance Sheet with Notes to the Statement

Refer to Page 4 of the 2016 Preliminary Financial Statements and accompanying Notes.

5. Statement of Cash Flows with Notes to the Statement

Refer to Page 6 of the 2016 Preliminary Financial Statements and accompanying Notes.

6. Dividends

No dividends were paid or payable during the period.

7. Statement of Changes in Equity

Refer to Page 5 of the 2016 Preliminary Financial Statements and accompanying Notes.

8. Net Tangible Assets per Security

2016 $0.0010

2015 $0.0014

9. Entities over which Control has been Gained or Lost during the Period.

Nil

10. Associates and Joint Venture Entities

LWP has 50% ownership of Graphenera Pty Ltd which has patents pending for Aluminium-Graphene Synthesis and battery technology.

11. Other Significant Information

Not applicable.

12. Accounting Standards used for Foreign Entities

Not applicable.

13. Commentary on the Results for the Period

Refer to page 2 of the Preliminary Financial Statements for the operational and financial review of the Entity.

14. Status of Audit

The attached 2016 Financial Statements are currently being audited.

15. Dispute or Qualifications if not yet audited

No disputes or qualifications are expected.

16. Dispute or Qualifications if audited

Not applicable.

Company Secretary
31 August 2016

PRELIMINARY FINANCIAL REPORT

FOR THE YEAR ENDED
30 June 2016

CHAIRMAN'S LETTER

Dear Fellow Shareholder

It gives me great pleasure to present the LWP Technologies Limited 2016 Preliminary Financial Report, and I thank all shareholders for their continued support.

The low oil and gas environment has led to a sharp decline in unconventional oil and gas well drilling activity, and for many producers the focus has shifted from conductivity to maximize productivity, to proppant pricing. Your Company has been able to meet this challenge by modifying its technology, and developing a new proppant with very low manufacturing costs.

The significant achievements of the year included:

- The successful scale-up of the proppant technology at our newly constructed Brisbane pilot plant;
- The validation of the Company's proppant technology by independent experts;
- The development of a new proppant to reduce manufacturing costs;
- The appointment of Mr. Sean Corbin as LWP CEO;
- The appointment of Dr. Henson as Americas CEO;
- Successful completion of several capital raisings to sophisticated investors, and a Share Purchase Plan to allow Shareholders to participate on the same terms;
- The International roadshow to showcase our technology; and
- The $1.6 million investment in the 50/50 joint venture, to develop the GraphenEra battery technology, which provides a second technology for the Company.

The Company's goals for the coming year include:

- The upgrade of the Pune India proppant facility to a 24/7 operation, together with Hallmark, our Joint Venture partner, so that manufacturing can commence;
- The further commercialisation of the proppant technology by engaging with potential technology licensees and JV partners Globally; and
- The development of the Graphene battery technology.

Research and Development is continuing, with focus on reducing manufacturing costs even further, and as an essential part of due diligence to assess raw material feedstocks for potential manufacturing sites.

Subsequent to the end of the financial year, the Company achieved another major milestone, when Shareholders approved a $6 million funding agreement, whereby Lanstead Capital will become a 19.9% cornerstone Institutional investor for your Company, which gives your Company the capacity to accelerate its commercialisation program.

All of us at LWP remain fully focused on unlocking the commercial value of our unique proppant product, and I look forward to sharing news of our progress with you in the year ahead.

Yours sincerely

Siegfried Konig
Executive Chairman
LWP Technologies Limited

STATEMENT OF COMPREHENSIVE INCOME

In the year ended 30 June 2016, the Company predominantly worked on its Flyash based Proppant business with a further $1.9 million of direct expenditure being made on further development of our product.

In early February outstanding test results for our targeted light weight proppant product were obtained, but movements within the Oil and Gas markets meant that the originally targeted market had changed. A decision was then made to utilise the Knowledge we had gained in developing this Proppant, to develop a Proppant that was ceramic and could compete on price and superior strength to sand Proppants, results of these tests were released in June 2016. Since then efforts have been made on producing variants of this product for prospective customers. This research and engagement with possible licensees and partners is ongoing.

Towards the end of the 2016 Financial Year the company with an eye to the future and potential energy markets made a decision to invest in a Graphene Battery Technology and Graphene synthesis process. In the 2016 year $0.222 million had been invested in establishing this business and laboratory facilities. The company is committed to spend up to $1.6 million in taking this battery technology to the commercialisation stage.

The loss before income tax for the Financial Year was $5.997 million as the company was principally involved in research and development and commercialisation of its technologies.

As part of a strategy that looked at increasing use of cash resources during the year the company booked a gain on investments of $0.43 million, while at the same time having a loss of $0.3 million relating to its investment in Omnet. The company was also able to reach agreement with the ATO over disputed claims outlined in the 2015 Financial Year and was able to write back a gain of $0.737 million from a reversal of the provisions made in the prior financial year.

The company at the end of the Financial Year had cash resources of just over $1.8 million and with expected receipts from R&D Tax Concessions and the cash inflows from our cornerstone investor Lanstead Capital, has sufficient cash resources to meet its objectives.

STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
Interest revenue		24,700	9,711
Other revenue		27,186	-
Administration expenses		(981,210)	(348,361)
Marketing and travel expenses		(1,187,854)	(317,180)
Employee and consultant expenses		(2,025,047)	(579,385)
Legal expenses		(420,570)	(176,348)
Expenses relating to the advancement of proppant technology		(1,885,239)	(1,743,575)
Depreciation and amortisation expenses	7	(42,030)	(519)
Finance costs		-	(4,851)
Impairment of receivables		(452,000)	-
Gains on held for trading financial assets	5	430,384	-
Share of equity accounted associate's loss	8	(221,924)	-
Interest and penalties relating to disputed tax	10	-	(312,291)
Gain on reversal of provision on disputed tax		736,626	-
Listing expense arising on deemed acquisition	2	-	(3,006,402)
Loss before income tax		(5,996,978)	(6,479,201)
Income tax expense		-	-
Loss after income tax		(5,996,978)	(6,479,201)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss)		**(5,996,978)**	**(6,479,201)**

	Cents	Cents
Earnings per share		
Basic earnings per share	(0.16)	(0.8)
Diluted earnings per share	(0.16)	(0.8)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements

BALANCE SHEET

Consolidated Balance Sheet
As at 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
CURRENT ASSETS			
Cash and cash equivalents	3	1,846,712	3,129,895
Trade and other receivables	4	963,219	16,834
Financial assets at fair value through profit or loss	5	1,442,384	-
Other assets	6	450,391	346,890
TOTAL CURRENT ASSETS		4,702,706	3,493,619
NON-CURRENT ASSETS			
Equity accounted investments	8	150,000	-
Plant and equipment	7	400,999	12,104
TOTAL NON-CURRENT ASSETS		550,999	12,104
TOTAL ASSETS		5,253,705	3,505,723
CURRENT LIABILITIES			
Trade and other payables	9	567,857	136,864
Provisions	10	-	957,454
Borrowings	11	-	-
TOTAL CURRENT LIABILITIES		567,857	1,094,318
TOTAL LIABILITIES		567,857	1,094,318
NET ASSETS		4,685,848	2,411,405
EQUITY			
Contributed capital	12	21,831,039	13,559,618
Reserves	13	346,890	346,890
Accumulated losses		(17,492,081)	(11,495,103)
TOTAL EQUITY		4,685,848	2,411,405

The Balance Sheet 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 2016

	Contributed Capital $	Accumulated Losses $	Share Based Payment Reserve $	Total $
Balance at 1 July 2014	3,263,888	(5,015,902)	-	(1,752,014)
Transactions with owners in their capacity as owners				
Deemed issue of share capital on acquisition	6,042,330	-	-	6,042,330
Contributions of capital	4,357,252	-	-	4,357,252
Share issue costs	(103,852)	-	-	(103,852)
Share based payment	-	-	346,890	346,890
Total	10,295,730	-	346,890	10,642,620
Comprehensive income				
Loss after income tax	-	(6,479,201)	-	(6,479,201)
Total comprehensive income	-	(6,479,201)	-	(6,479,201)
Balance at 30 June 2015	13,559,618	(11,495,103)	346,890	2,411,405
Balance at 1 July 2015	13,559,618	(11,495,103)	346,890	2,411,405
Transactions with owners in their capacity as owners				
Contributions of capital	9,440,328	-	-	9,440,328
Share issue costs	(1,168,907)	-	-	(1,168,907)
Share based payment	-	-	-	-
Total	8,271,421			8,271,421
Comprehensive income				
Loss after income tax	-	(5,996,978)	-	(5,996,978)
Total comprehensive income	-	(5,996,978)	-	(5,996,978)
Balance at 30 June 2016	21,831,039	(17,492,081)	346,890	4,685,848

The 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 2016

	Note	30 June 2016 $	30 June 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		24,700	9,711
Dividends received		27,186	-
Payments to suppliers and employees		(5,142,095)	(3,614,983)
Finance costs		-	(4,851)
Income tax settlement		(220,828)	-
Net cash provided by/(used in) operating activities		(5,311,037)	(3,610,123)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant & equipment		(430,925)	(12,623)
Proceeds from the sale of Globe Drill shares		-	513,521
Payments for deposits		(400,000)	-
Contributions to Graphenera Pty Ltd		(221,924)	-
Payments for financial assets		(1,012,000)	-
Funds advanced to other parties		(300,000)	-
Net inflow of cash from the acquisition of LWP Technologies	2	-	88,929
Net cash provided by/(used in) investing activities		(2,364,849)	589,827
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions of capital		6,734,620	4,357,252
Capital raising costs		(341,917)	(103,852)
Proceeds/(repayment) of borrowings		-	1,869,821
Net cash provided/(used in) by financing activities		6,392,703	6,123,221
Net increase/(decrease) in cash and cash equivalents held		(1,283,183)	3,102,925
Cash and cash equivalents at the beginning of the financial year		3,129,895	26,970
Cash and cash equivalents at the end of the financial year		1,846,712	3,129,895

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"). LWP Technologies Limited is a listed public company, incorporated and domiciled in Australia. At the May 2015 EGM shareholders approved the change of the Company's name from Coretack Limited to LWP Technologies Limited.

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

<u>Operations and principal activities</u>
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.

<u>Currency</u>
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) as issued by the International Accounting Standards Board (IASB).

<u>Historical cost convention</u>
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.

<u>Critical accounting estimates and judgements</u>
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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

<u>Depreciation</u>
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%

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 (continued)

(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.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

They are subsequently measured at fair value with changes in such fair value (ie 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.

(f) Impairment of 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Other long-term employee benefit obligations
The liabilities for long service leave and annual 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 government 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.

(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 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 (continued)

(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 group 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 Group 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 equals 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 (continued)

(r) New Accounting Standards

The Consolidated Entity adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2015. 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 2015 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments
This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Consolidated Entity has not yet evaluated the impact adoption of this standard will have.

NOTE 2 Ecopropp ACQUISITION ACCOUNTING AND SHARE BASED PAYMENT EXPENSE

On 24 March 2015 the Company completed the acquisition of Ecopropp Pty Ltd (Ecopropp). The consideration paid by LWP to the vendors for the purchase of 100% of Ecopropp was the issue and allotment of 1,410,000,000 fully paid ordinary LWP shares upon satisfaction of each of the three identified milestones being achieved by the respective dates as follows:

Milestones	Milestone shares	Result
1. Ecopropp demonstrates its proppant can be successfully scaled-up for production without material loss of key properties and obtains independent confirmation as to the cost of production in accordance with specified parameters.	295,000,000 shares	Achieved
2. Ecopropp completes a successful down-hole trial utilising its proppants in accordance with specified parameters.	220,000,000 shares; plus $2.2M worth of shares at the 5 day VWAP price at the time (220,000,000 shares)	Achieved subsequent to year end.
3. A third party commits to build and operate a commercial scale proppant manufacturing facility with secured finance and a final investment decision.	350,000,000 shares; plus $3.25M worth of shares at the 5 day VWAP price at the time (325,000,000 shares)	Achieved subsequent to year end.

The acquisition of Ecopropp resulted in Ecopropp shareholders holding a controlling interest in LWP after the transaction. This transaction did not meet the definition of a business combination in AASB 3 Business Combinations. The transaction has therefore been accounted in accordance with AASB 2 Share-based Payment and has been accounted for as a continuation of the financial statements of Ecopropp together with a deemed issue of shares. The deemed issue of shares is, in effect, a share-based payment transaction whereby Ecopropp is deemed to have received the net assets of LWP, together with the listing status of LWP.

Because the financial statements represents a continuation of the financial statements of Ecopropp, the principles and guidance on the preparation and presentation of the financial statements in a reverse acquisition set out in AASB 3 have been applied as follows:

- fair value adjustments arising at acquisition were made to LWP's assets and liabilities, not those of Ecopropp. As the carrying value of all assets and liabilities held by LWP at acquisition date approximated their fair value, no adjustments were required;
- the equity structure (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of LWP, including the equity instruments issued to effect the acquisition;
- Accumulated losses and other equity balances at acquisition date are those of Ecopropp;
- the results for the year ended 30 June 2015 comprise the consolidated results for Ecopropp together with the results of the wider LWP group from 15 September 2014;
- the comparative results represent the consolidated results of Ecopropp only;
- the cost of the acquisition, and amount recognised as contributed equity to affect the transaction, is based on the deemed number of shares that Ecopropp would have needed to issue to give the shareholders of LWP the same shareholding percentage in the Combined Entity that results from the transaction; and
- a share-based payment transaction arises whereby Ecopropp is deemed to have issued shares in exchange for the net assets of LWP together with the listing status of LWP. The listing status does not qualify for recognition as an intangible asset and the relevant cost has therefore been expensed as a listing expense.

The fair value of the deemed number of shares that Ecopropp would have needed to issue is estimated to be $6,042,330.

The fair value of LWP's net assets at acquisition date was $3,035,928. Deducting this from the deemed consideration results in a listing expense of $3,006,402.

NOTE 2 Ecopropp ACQUISITION ACCOUNTING AND SHARE BASED PAYMENT EXPENSE (continued)

The value of the transaction is as follows:

	24 March 2015 $
Assets and liabilities acquired:	
Cash and cash equivalents	88,929
Trade and other receivables	516,406
Amounts owed by Ecopropp to LWP	2,483,916
Trade and other payables	(53,323)
Net assets acquired	**3,035,928**
Fair value of notional shares issued to affect the transaction	6,042,330
Listing expense recognised in statement of comprehensive income	**3,006,402**

The fair value of the shares was assessed on the basis of the market value of LWP Technologies Limited's shares at acquisition date.

	30 June 2016 $	30 June 2015 $
NOTE 3 CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	1,766,712	2,430,895
Cash on deposit	80,000	699,000
	1,846,712	**3,129,895**
NOTE 4 TRADE AND OTHER RECEIVABLES		
CURRENT		
GST and other receivables	62,219	16,834
Receivables for unpaid share capital	901,000	-
Loan to Omnet Pty Ltd	300,000	-
Provision for impairment	(300,000)	-
	963,219	**16,834**

Loan to Employee

During the period the Company provided a $250,000 loan to an employee. The Company has taken security over LWP shares held by the employee which have a value over and above the value of the loan. The loan is non-interest bearing and is repayable by 31 December 2020.

Loan to Omnet Pty Ltd

During the period the Company provided a short term loan to Omnet Pty Ltd. The loan had an interest rate of 48% and was due for repayment on 27th November 2015. The Company secured the loan by way of fixed and floating charge over Omnet Pty Ltd. The Company was advised on 8 October 2015 that Omnet Pty Ltd had been placed into voluntary administration.

	30 June 2016 $	30 June 2015 $
NOTE 5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
ASX listed shares acquired at cost	1,012,000	-
Fair value gain during the year	430,384	-
	1,442,384	**-**
NOTE 6 OTHER ASSETS		
Prepayments	50,391	346,890
Deposits	400,000	-
	450,391	**346,890**
NOTE 7 PLANT AND EQUIPMENT		
Motor vehicles at cost	21,909	8,909
Accumulated depreciation	(4,201)	(185)
	17,708	8,724
Office furniture and equipment at cost	7,028	3,714
Accumulated depreciation	(2,888)	(334)
	4,140	3,380
Lab and workshop equipment at cost	412,664	-
Accumulated depreciation	(33,513)	-
	379,151	-
Total plant and equipment at cost	441,601	12,623
Total accumulated depreciation	(40,602)	(519)
Total plant and equipment	**400,999**	**12,104**

Movements during the year

Year ended 30 June 2016	Motor Vehicles	Office Furniture and Equipment	Lab and Workshop Equipment	Total
Balance at 1 July 2015	8,724	3,380	-	12,104
Additions	13,000	5,261	412,664	430,925
Depreciation	(4,016)	(4,501)	(33,513)	(42,030)
Balance at 30 June 2016	**17,708**	**4,140**	**379,151**	**400,999**

Year ended 30 June 2015	Motor Vehicles	Office Furniture and Equipment	Total
Balance at 1 July 2014	-	-	-
Additions	8,909	3,714	12,623
Depreciation	(185)	(334)	(519)
Balance at 30 June 2015	**8,724**	**3,380**	**12,104**

	30 June 2016 $	30 June 2015 $

NOTE 8 EQUITY ACCOUNTED INVESTMENTS

Graphenera Pty Ltd

Share based payment to vendors	150,000	-
Contribution of share capital to Graphenera Pty Ltd	221,924	-
Share of loss	(221,924)	-
	150,000	-

NOTE 9 TRADE AND OTHER PAYABLES

CURRENT		
Trade payables	409,827	88,958
Other payables and accrued expenses	158,030	47,906
	567,857	**136,864**

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 group and comprise items such as employee taxes, employee on costs, GST and other recurring items.

NOTE 10 PROVISIONS

CURRENT		
Provision for Settlement of Tax Dispute	**-**	**957,454**

Provision for Settlement of Tax Dispute

During the 2015 financial year, the ATO has provided a Statement of Position, in relation to claims made for GST and R&D, to the group for the 2011, 2012 and 2013 income years. The group did not agree with the Statement of Position and pursued a defence against the claims.

During the current period the group successfully negotiated an outcome with the ATO which resulted in final settlement of $228,828. The reduction in the amount provided for has been recognised as a gain in the Statement of Comprehensive Income.

Movements during the period

Opening balance	957,454	645,163
Gain on settlement of dispute	(736,626)	-
Potential interest and penalties provided for	-	312,291
Amounts settled	(228,828)	-
	-	**957,454**

NOTE 11 BORROWINGS

All amounts were settled during the 2015 financial year. At reporting date, the Group did not have any further access to credit.

Movements during the prior year

	Related Party Loans			Other Loans	
Year ended 30 June 2015	LWP Technologies	Eagle One Holdings Pty Ltd	Sandra Konig	Non-related Parties	Total
Balance at 1 July 2014	246,575	310,520	7,000	50,000	614,095
Loans advanced	2,263,214	-	10,000	5,000	2,278,214
Loans repaid	(25,873)	(310,520)	(17,000)	(55,000)	(408,393)
Interest charged	-	-	-	-	-
Settled on merger with LWP	(2,483,916)	-	-	-	(2,483,916)
Balance at 30 June 2015	**-**	**-**	**-**	**-**	**-**

Details of loans

<u>Related Parties</u>

LWP Technologies

As part of the merger, LWP agreed to provide a working capital loan to Ecopropp Pty Ltd to fund the development of its proppant technology. Under the arrangement, LWP had the ability to exit and have any outstanding monies convert to Ecopropp shares. The loan was non-interest bearing. On 24 March 2015 LWP completed the acquisition of Ecopropp Pty Ltd and the working capital loan was settled as part of the group consolidation.

Eagle One Holdings Pty Ltd

Eagle One Holdings Pty Ltd is an entity associated with Mr Siegfried Konig.

During the year ending 30 June 2015, Eagle One Holdings Pty Ltd provided an unsecured working capital loan to Ecopropp Pty Ltd. The loan did not bear interest in the 2015 year.

The loan was settled through the issue of $101,201 in Ecopropp Pty Ltd shares, with the residual balance repaid in cash.

Sandra Konig

Mrs Sandra Konig was a director of Ecopropp Pty Ltd and is the wife of Mr Siegfried Konig.

During the year ending 30 June 2015, Mrs Konig provided an unsecured working capital loan to Ecopropp Pty Ltd. The loan did not bear interest in the 2015 year. The loan was repaid in cash.

<u>Other Non-Related Party Loans</u>

During the year ending 30 June 2015, Ecopropp Pty Ltd received several unsecured working capital loans from non-related parties.

All loans were repaid in cash.

	30 June 2016 $	30 June 2015 $
NOTE 12 CONTRIBUTED CAPITAL		
154,550,025 fully paid ordinary shares (30 June 2015: 154,550,025)	**21,831,039**	**13,559,618**

	June 2016 Number	June 2015 Number	June 2016 $	June 2015 $
Movements during the period				
Balance at beginning of period	2,152,323,288	44,596,400	13,559,618	3,263,888
Issue of shares in Ecopropp Pty Ltd [1]	-	405,000	-	40,500
Reversal of existing share on acquisition	-	(45,001,400)	-	-
LWP shares on acquisition of Ecopropp	-	604,233,025	-	6,042,330
Milestone shares issued to Ecopropp vendors	1,054,282,073	295,000,000	-	-
Issue of shares in LWP Technologies Limited [2]	1,349,720,248	1,253,090,263	9,440,328	4,316,752
Share issue costs	-	-	(1,168,907)	(103,852)
Balance at end of period	**4,556,325,609**	**2,152,323,288**	**21,831,039**	**13,559,618**

[1] 2015: 405,000 shares issued at $0.10 per share

[2] 2016: 1,349,720,248 shares issued at prices between $0.0035 and $0.01 per share
2015: 1,253,090,263 shares issued at prices between $0.0032 and $0.0110 per share

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 2015**	**Issued**	**Exercised**	**Expired**	**30 June 2016**
3 October 2016	$0.50	1,000,000	-	-	-	1,000,000
28 November 2016	$0.50	1,000,000	-	-	-	1,000,000

The weighted average remaining contractual life of the share options outstanding at year end was 0.4 years.

Performance Rights

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

		Movements				
Expiry Date	**Vesting Price**	**1 July 2015**	**Issued**	**Exercised**	**Expired**	**30 June 2016**
25 June 2019	$0.022	8,092,500	-	-	-	8,092,500
25 June 2019	$0.033	13,280,000	-	-	-	13,280,000

The weighted average remaining contractual life of the share options outstanding at year end was 3.0 years.

	30 June 2016 $	30 June 2015 $
NOTE 13 RESERVES		
Share based payment reserve	**346,890**	**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, which raised $6.6 million.

Movements during the year

Opening balance	346,890	-
Value of options issued to EAS Advisors LLC	-	346,890
Closing balance	**346,890**	**346,890**

NOTE 14 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any contingent liabilities or contingent assets.

NOTE 15 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 16 EVENTS AFTER BALANCE DATE

Share Purchase Plan

Subsequent to year end, LWP issued 42,820,000 fully paid ordinary shares under a share purchase plan raising $214,100 at a price of $0.005 per share.

Cornerstone Invesment

Subsequent to year end, the Company entered into a $6 million placement agreement with Lanstead Capital LP ("Lanstead"). Pursuant to the placement agreement, UK-based specialist investment firm Lanstead Capital LP, will take up a placement of 1.2 billion shares at $0.005 per share. LWP will receive an initial payment of $900,000, with the remaining $5.1 million invested in the sharing agreement to be received over the next 18 months. The sharing agreement allows LWP to secure much of the potential appreciation in the share price arising from future news flow. The value of the settlements received monthly over the next 18 months are based on a Benchmark price of $0.0067 per share calculated on the 5 day value weighted average price prior to settlement. If the price exceeds the Benchmark price, LWP will receive more than the monthly settlement due on a pro-rata basis, with no upper limit, if the price is below LWP will receive less than the monthly settlement on a pro-rata basis. It should be noted that the price paid does not impact on the number of shares issued.

LWP has agreed to make a value payment of 60 million shares as consideration for the sharing agreement.

The placement agreement was approved by shareholders at the EGM on 26 August 2016.