



**ASX ANNOUNCEMENT**

**31 January 2018**

**Quarterly Review and Corporate Update**

- **Independent Corporate Governance and Legal Review Completed**
- **Graphenera JV – Court Costs Settled**
- **R&D Rebate Claim Update**
- **Board Appointment – Mr Andrew Sparke**
- **Cash Position - \$182,000**
- **Investment Portfolio - \$71,032**

**Independent Corporate Governance and Legal Review Completed**

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.

Prior to the receipt of the reviews, in consultation with the ASX and with the assistance of new Company Secretary, Mr David Clark, the Company had commenced an internal review of existing policies and procedures. The Board has now resolved to ensure effective policies and procedures are implemented (and properly supervised and applied by the LWP company secretary). A Corporate Governance Plan incorporating a Board Charter, Corporate Code of Conduct, Charters for Remuneration, Nomination and Audit and Risk Committees and Continuous Disclosure, Securities Trading and Diversity Policies is currently being drafted and will be finalised in the coming weeks. A replacement Corporate Governance Statement setting out the Company's position relative to each of the eight principles contained in the 3rd Edition of the ASX's Corporate Governance Principles and Recommendations is also being prepared.

**Graphenera JV – Court Costs Settled**

As announced to the market on 1 December 2017, The Company reached a settlement agreement with VVV Technologies Pty Ltd in relation to a Costs Order in the Supreme Court of Queensland matter 810 of 2017. After negotiations, an amount of \$95,000 was paid by the Company as full and final settlement.

**R&D Rebate Claim Update**

On 12 December 2017, the Chairman and Company Secretary, along with representatives of BDO, Brisbane, attended a facilitation meeting with representatives from the Australian Tax Office at their Brisbane office. This meeting was arranged following a formal request by the Company and following a formal objection by the Company in relation to certain decisions by the ATO concerning the treatment of R&D claims lodged by the Company for 2014 and 2015 financial years.

After the meeting, the ATO representatives advised the Company that the ATO would provide a final settlement position prior by 14 February 2018. At the time of writing this report, the Company had not received a formal response from the ATO. Further announcements will be made as soon as the outcome of the settlement process is known.

### **Board Appointment**

On 20 December 2017, the Company announced the appointment of Mr Andrew Sparke as a Non-Executive Director. Mr Sparke is a Director at Lanstead investors Pty Ltd, a UK based Investment fund and heads up their Sydney office. Lanstead is the largest shareholder of the Company.

Mr Sparke is a current and former Director of a number of Public and Private Company's including Olive Capital Pty Ltd and Torian Resources Limited (ASX:TNR). Andrew holds a Bachelor of Business (Marketing), a Master in Finance (Current) and is a member of the Australian Institute of Company Directors (MAICD).

### **Pilot Plant and Laboratory Status**

During the Quarter, as part of the end of year Audit Process, the laboratory and pilot plant were inspected and an audit of plant and equipment was undertaken by the Chairman. Photographs taken personally by the Chairman, and equipment lists were provided to the Auditor. The Pilot Plant remains in Care and Maintenance mode on a monthly lease.



*Figure 1 Left Side - Laboratory Kiln and Test Material taken at Nuremburg, Germany  
Right Side Kilns and Proppant taken at Clontarf, Queensland by current Chairman Mr Daniel Lanskey*

### **Cash and Equity Investments as at 31 December 2017**

The Cash Balance at the end of the Quarter was \$182,000. During the Quarter, the Company incurred several one off expense items including the settlement of the costs order \$95,000 and a final payment of \$37,000 to the former Executive Chairman.

Equity Investments: -

- o As at 31 December 2017, the market value of the ASX Listed equity investments held by the Company was \$71,032, comprised of 2 investments in ASX listed entities.
- o In addition to the ASX Listed equity investments held by the Company, the Company held within its portfolio one investment in an unlisted unit trust as at 31 December 2017. (which represents 8.6% of the units in the trust). The units in the trust have been sold in January 2018 for \$50,000.

- o Excluding the unlisted unit trust, the Company does not have any substantial shareholding as defined by section 671B of the Corporations Act in any of these entities.
- o None of the securities are in the S&P index.

– ENDS –

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