APPENDIX 4E
PRELIMINARY FINAL REPORT

1. Company details

Name of entity:	**LWP Technologies Limited**
ABN:	**80 112 379 503**
Reporting Period:	Year ended 30 June 2017
Previous corresponding period:	Year ended 30 June 2016

2. Results for announcement to the market

	Key information		%		Year ended 30 June 2017 AUD$
2.1	Revenue from ordinary activities	Down	83.3	to	**80,526**
2.2	Loss from ordinary activities attributable to the owners of LWP Technologies Limited	Down	65.7	to	**(9,936,485)**
2.3	Total Comprehensive Loss for the period attributable to the owners of LWP Technologies Oil Limited	Down	65.7	to	**(9,936,485)**

Dividends

2.4 No dividends have been paid or provided for during the period.

2.5 Brief explanation of any of the figures reported above necessary to enable the figures to be understood.

Refer to page 4 of the Annual Report for the operational and financial review of the Entity.

3.	**Net tangible assets**	**Reporting period**	**Previous corresponding period**
	Net tangible assets per ordinary shares and preference shares	$0.0001	$0.0010

4. Control gained over entities

There was no change in the status of the consolidated entity through the year.

5. Loss of control over entities

There was no change in the status of the consolidated entity through the year.

6. Details of associates and joint ventures

None.

7. Foreign entities

7.1 Not applicable.

7.2 Not applicable.

7.3 **Accounting standards used for foreign entities:** Not applicable.

8. Audit

The Preliminary Final Report of LWP Technologies Limited for the year ended 30 June 2017 is also the Annual Report of LWP Technologies Limited for the year ended 30 June 2017 which has been audited.

9. Attachments

The Annual Report of LWP Technologies Limited for the year ended 30 June 2017 is attached and has also been lodged separately on the ASX Markets Platform on 8 December 2017.

10. Signed

Signed in accordance with a resolution of the Board of Directors.

Dated this 8th day of December 2017.

Signed:

D. LANSKEY
Chairman

LWP Technologies

ABN 80 112 379 503

ANNUAL REPORT

FOR THE YEAR ENDED
30 June 2017

CHAIRMAN'S LETTER

Dear Shareholder

Having joined the Board in July 2017, I am writing this letter for the first time as the Chairman of the Company.

The financial year ended 30 June 2017 has been a tumultuous year in the Global Energy Sector because of the ongoing depressed oil price. Current market conditions have resulted in reduced investment in exploration and development activities with many Oil and Gas operators electing to seek cost reductions in well completions at the expense of best engineering practices.

USA Proppant manufacturers have reported widespread challenges in the Ceramic Proppant market as demand for their products have fallen dramatically resulting in many plant closures. Industry sources are quoting that use of Ceramic Proppants has reduced from 30% of all product used in 2015 to less than 5% in the current market. This climate made it exceedingly difficult for LWP to gain any traction with manufacturers despite initial positive discussions and laboratory testing being undertaken.

It has been a disappointing year for LWP, with several alternate investment decisions turning out poorly resulting in substantial losses of shareholder funds during the year.

Since joining the Board, I have had the opportunity to spend time on the ground in the USA with fellow Director, Dr David Henson and visited the laboratory in Germany and met with Dr Ralph Enderle. I was impressed by the professionalism of both men and their conviction in the Intellectual Property developed by the Company. In my other role as the Director of an operating oil and gas Company in the USA, I have discussed the technology with several of our contractors and suppliers and it is clear to me, that should the oil price recover above $60 per barrel and exploration and development budgets increase accordingly, there will be an opportunity for licensing the technology to other manufacturers. Unfortunately, the timeline to the market recovery is unknown.

As a result, your current Directors have undertaken strict cost reductions to enable the Company to continue limited operations to retain the Intellectual Property developed. Discussions with potential licensees continue in the USA and Europe with a focus on minimal investment by LWP.

Separately, an Independent Corporate Governance Review and Independent Legal Review were commissioned. Both reports have now been finalized and forwarded to the ASX.

Although trading in the Company's securities remain 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 with the view of identifying a complimentary business that would provide cashflow and growth opportunities, whilst enabling the existing technology to be retained.

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 2017.

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
David Henson	Executive Director	Appointed 15 August 2014, was non-executive up to December 2015 and executive director from January 2016
Declan McCaffrey	Non-Executive Director	Appointed 26 August 2016
Siegfried Konig	Executive Chairman	Appointed 15 August 2014, resigned 24 July 2017
Sean Corbin	CEO/Executive Director	Appointed 29 May 2015, resigned 21 November 2016

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.

Dr. David Henson
Executive Director
CEO, Americas

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

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.

Sean Corbin
Executive Director and Company Secretary, resigned 21 November, 2016

BBus, CPA, GDipMan

Sean Corbin has worked as an executive at CEO and CFO level in a wide range of industries in various stages of the business. Sean has previously served as an Executive or Director in Allied Brands Limited, RP Data Limited, Future Corporation Limited and Adelaide Brighton Limited.

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

Company Secretary

David W. Clark

Mr Clark is a Chartered Accountant, Tax Agent 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. David is also Chief Financial Officer and Company Secretary of ASX listed and unlisted public companies in the mineral resources, exploration and oil and gas industries and in the development and marketing activated carbons specifically designed for Mercury capture in the USA coal-fired power utilities markets. Mr Clark is also a member of the audit, risk and finance committee of an international global health organisation and shareholder and Non-Executive Director of a TurnTable Energy Limited, an unlisted Australian public company and licensed oil and gas operator and producer based in Oklahoma.

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	Fully Paid Ordinary Shares
Dan Lanskey	Nil
David Henson	70,626,196
Declan McCaffrey	5,374,556

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2017 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	-	-
David Henson	5	6
Declan McCaffrey	6	6
Siegfried Konig	6	6
Sean Corbin	4	4

DIRECTORS' REPORT

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.

During 2017, the Company was granted a US Patent for its proprietary method of producing next generation, fly-ash based proppant.

Despite the depressed oil price and subsequent slowdown in exploration and development activity in the Industry over the last 2 years, LWP Technologies is remains confident in future licensing of its proppant technology with existing Manufacturers, as a cost effective, superior alternative to bauxite and clay based proppants.

In the meantime, the Company continues to review complimentary business opportunities in the Energy sector that will enable the Company to maintain the Intellectual Property developed.

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

US Patent Granted

On 7 March 2017, the United States Patent and Trademark Office issued US Patent No. 9,587,170, protecting the Company's process of producing lightweight fly-ash based proppants for use in hydraulic fracturing of unconventional oil and gas wells. The Company has also filed a continuation patent application in the US for additional claims released by operation at the Clontarf Facility.

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.

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. Limited testing of various fly ash supplied by potential licensees continues.

On 15 June 2017, following negotiations with Dr Enderle, the Company entered into new agreements, which offset previous loans against outstanding contractual payments. Total amount of loans offset against previous contracts was $75,025. Under two new agreements, commencing from 1 July 2017, the Company has 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.

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.

Financial Performance and Position

The loss for the consolidated entity after providing for income tax for the 2017 financial year amounted to $9,936,485 (2016: Loss of $5,996,978).

The main contributions to the loss include:

- Loss on revaluation of the receivable from Lanstead of $4,687,813;
- Accounting for the loss and impairment of the Graphenera project $718,897;
- Impairment of plant and equipment of $305,138; and
- Impairment of receivables of $117.025.

These events and circumstances have also significantly impacted the financial position of the consolidated entity.

The consolidated entity had cash reserves at 30th June 2017 of $666,377 (2016: $1,846,712). The company also holds $373,150 in listed equities at 30 June 2017 that can be readily converted into cash.

Capital Raisings

During the financial year, the Company raised $5,953,697 (net of transaction costs) to help fund the execution of the Company's business plan for the development and commercialisation of its fly-ash based proppant, and also to provide working capital.

Capital raising	**Shares issued**	**Share price**	**$ Raised**
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	$0.0030	845,000
Shares issued to Lanstead Capital LP a value payment for entering into a sharing agreement	60,000,000	$0.0050	-
Shares issued to Lanstead Capital LP under a sharing agreement	843,750,000	**	4,780,000
Share issue costs			(453,000)
Shares issued during the financial year	**1,363,547,116**		**6,062,685**

** Share issue price is subject to the Sharing Agreement entered into with Lanstead Capital LP

On 26 July 2016, 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.

On 25 August 2016, LWP issued 32,000,000 fully paid ordinary shares as payment for consulting fees in relation to the Indian Joint Venture.

On 25 August 2016, LWP issued 103,727,116 fully paid ordinary shares as payment for consulting fees in relation to Lanstead Capital LP placement.

On 26 August 2016, shareholders approved a Share Subscription Agreement of up to $6 million with Lanstead Capital LP, (before costs) whereby Lanstead is now a 19.9% shareholder and cornerstone investor of the Company. Shareholders also approved the issue of 120,000,000 options to Lanstead Capital LP on the terms set out in the Notice to Extraordinary General Meeting.

On 2 September 2016, under the Share Subscription Agreement, 1,125,000,000 ordinary shares were issued to Lanstead for a cash consideration of $5,625,000. A value payment of 60,000,000 shares was also issued to Lanstead as consideration for entering into the Sharing Agreement. A$845,000 was received upon subscription with the balance of $4.7 million (after costs) invested by the Company in a Sharing Agreement, to be returned in 18 monthly instalments commencing in October 2016 and subject to certain conditions. See Note 9 for further information.

Significant changes in the state of affairs

Hallmark Joint Venture

On 20 July 2015, LWP advised it had entered into a 60/40 Joint Venture Agreement with Hallmark Minerals (I) Pvt Ltd (Hallmark) to produce LWP's flyash-based proppants, in the state of Maharashtra in India. Hallmark was previously a leading manufacturer of bauxite-based ceramic proppants in India. The Company also advised that a $1million license fee was to be paid for the use of the proppant technology in India. The agreement had a sunset clause of 30 June 2017 if all the requisite conditions of the agreement had not been undertaken by the two parties.

Because of the Company entering into this agreement, certain milestones that formed part of the original acquisition of Ecopropp Pty Ltd were triggered, resulting in the issue of shares to parties related to Ecopropp.

Following the downturn in oil and gas prices, the JV partners agreed to defer the plant upgrade, which would see production increase to circa 20,000 tonnes per annum based on a 24/7 operation.

In August 2016 the Company announced that due to the partial recovery in the oil price, the decision had been reached to commence the upgrade. An 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.

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

On 7 December 2016, LWP Technologies Limited advised 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 been calculated at $0.01177 rather than the correct VWAP of $0.012923.

Circumstance Leading to the Error

The Board of the Company were provided data by internal team members on 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.

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, each of Messrs Konig and Henson sold their respective Excess Director Shares on-market on 3 February 2017 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 have disposed of their holdings, Mr Siegfried Konig and Mr David Henson agreed to sell double the number of Excess Directors Shares and this was carried out on 3 February 2017.

Mr Siegfried Konig and Mr David Henson agreed to donate the net proceeds of such sales to charity, meaning other Ecopropp Vendors will not be required to take any further action.

Investment in Graphenera

LWP Technologies entered in to an agreement to invest $1.6 million over time and subject to various milestones, to progress a Graphene-Aluminium-Air battery on the 14th June 2016 through a 50% investment in Graphenera Pty Ltd and Graphenera IP Pty Ltd with the other party being VVV Technologies. During the year ended 30 June 2016, LWP spent cash of $221,000 and share based payments of $150,000 on the technology and issued 30 million LWP shares to VVV Technologies.

LWP had spent a further $718,897 on the development of the technology in July and August 2016 prior to issuing a breach notice on 25th August 2016. After several attempts to have these breaches remedied without success, LWP terminated the agreements on 30th September 2016.

On 27 January 2017, LWP commenced legal proceeding in the Queensland Supreme Court against VVV Technologies Pty Ltd (VVV) in relation to LWP's investment in Graphenera. LWP is seeking compensation for breach of the Shareholders Agreement as well as cancellation of the 30 million shares issued by LWP to VVV and its 50% stake in Graphenera.

After the end of the financial year, on 21 July 2017, the Court dismissed the matter and awarded costs against LWP. On 2 November 2017 LWP received a Costs Statement in the sum of $134,678 and after negotiations the Company settled the matter paying an amount of $95,000 as full and final payment.

After equity accounting the loss in Graphenera Pty Ltd and Graphenera IP Pty Ltd at 30 June 2016, the directors impaired the remaining asset in the 2017 financial year.

Franchise Retail Brands Limited

LWP deposited $500,000 on 12 May 2016 in 1AA Investment Group Pty Ltd. This deposit was reduced by $100,000 on 22 June 2016 to a net deposit of $400,000. The directors and shareholders of 1AA Investment Group Pty Ltd include Siegfried Konig and Sean Corbin. The ASX believe that LWP incorrectly made an investment with the related party in Franchise Retail Brands Limited for $500,000 and the ASX used its discretion under Listing Rule 10.1.5 to ascertain that LWP breached Listing Rule 10.1. Under Listing Rule 10.9 , LWP took corrective action and requested that the investment be cancelled. The balance of monies of $400,000 was returned to LWP on 6 October 2016.

ATO R&D Tax Incentive

On 20th February 2017, the Company announced that LWP has met with ATO representatives regarding the monies owed to LWP under the R&D tax offset grant, and the ATO representatives have visited LWP's Pilot Plant in Queensland. LWP has since provided additional information to the ATO and discussions are continuing. R&D offset tax experts BDO, have been retained to assist LWP.

Subsequent to the end of the financial year and as advised to the market in August 2017, 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 has lodged formal objections to the rulings by the ATO and a facilitation meeting with the ATO is scheduled for the second week of December 2017. The Company plans to lodge an R&D claim for the Financial Year ended 30 June 2016 following the facilitation meeting.

Lanstead-LWP sharing agreement

On 20th February 2017, LWP announced that the Company will not receive funding pursuant to the terms of the Lanstead-LWP sharing agreement while the Company's share price is at the current level of $0.001. Once the VWAP of the Company's share price increases to above $0.0067, funding will be recommenced by Lanstead. Notwithstanding this fact, the Lanstead investment has been impaired in full at 30 June 2017 and the expense amount of $4,687,813 taken to the Consolidated Statement of Profit or Loss.

Appointment of Independent Governance Expert

On 10 May 2017 the Company announced the appointment of Mr Justin Nelson from DMAW Lawyers to undertake a review of the Company's corporate governance policies and procedures.

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 21 for further information.

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 with the view of identifying a complimentary business that would provide cashflow and growth opportunities, whilst enabling the existing technology to be retained.

INDEMNIFICATION 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.

SHARE OPTIONS

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

Expiry Date	Exercise Price	Number of Options
1 September 2019	$0.006	120,000,000

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	$0.022	8,092,500
25 June 2019	$0.033	13,280,000

Since year end no performance rights have vested.

DIVIDENDS

No dividends were paid or declared during the financial year.

AFTER BALANCE DATE EVENTS

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 was 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.

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

On 20th February 2017, the Company announced that LWP has met with ATO representatives regarding the monies owed to LWP under the R&D tax offset grant, and the ATO representatives have visited LWP's Pilot Plant in Queensland. LWP has since provided additional information to the ATO and discussions are continuing. R&D offset tax experts BDO, have been retained to assist LWP. Subsequent to the end of the financial year and as advised to the market in August 2017, 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 has lodged formal objections to the rulings by the ATO and a facilitation meeting with the ATO is scheduled for the second week of December 2017.

The Company plans to lodge an R&D claim for the Financial Year ended 30 June 2016 following the facilitation meeting.

Investment in Graphenera

On 27 January 2017, LWP commenced legal proceeding in the Queensland Supreme Court against VVV Technologies Pty Ltd (VVV) in relation to LWP's investment in Graphenera. LWP is seeking compensation for breach of the Shareholders Agreement as well as cancellation of the 30 million shares issued by LWP to VVV and its 50% stake in Graphenera. Subsequent to the end of the financial year, on 21 July 2017, the Court dismissed the matter and awarded costs against LWP.

On 2 November 2017 LWP received a Costs Statement in the sum of $134,678. On 30 November 2017 the matter was settled with a full and final payment of $95,000.

Independent Legal Review – Dentons Appointed

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.

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 $104,580 (2016: $73,131) 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.

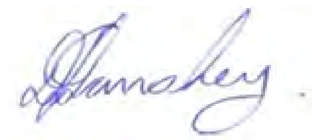
REMUNERATION REPORT

The Remuneration Report set out on pages 12 to 18 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 19 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

8 December 2017

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 2017 is detailed in this Remuneration Report.

REMUNERATION REPORT - AUDITED

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 2017 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.

<u>Chairman and Non Executive Director arrangements</u>

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.

<u>Former Executive Chairman Arrangements</u>

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:

- three year term with the option of an extension for a further three years;
- 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%;
- Vehicle allowance up to $12,000 per annum; and
- 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.

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 are:

- three year term;
- Fee of US$275,000 per annum; and
- 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.

Chief Executive Officer, Rest of World Arrangements

The Company entered into service arrangement with Mr Sean Corbin as Executive Director of the Company commencing from 22 September 2015. The key terms of the contract are:

- three year term with the option of an extension for a further three years;
- Fee of $165,000 per annum plus superannuation payable at 9.5%; and
- 2 month notice period.

Mr Corbin resigned on 21 November 2016.

Non Executive Director - 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. Mr McCaffrey is paid $2,000 per month as a Non-Executive Director.

Secretary and Chief Financial Officer

There is an agreement dated 26 September 2017 between LWP Technologies Limited and D.W. Clark 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.

Andrew Bursill was appointed company secretary on 29 November 2016 and resigned on 30 August 2017. Andrew was not considered a key management personnel during this time.

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
David Henson	Executive Director	Appointed 15 August 2014, was non-executive up to December 2015 and executive director from January 2016
Declan McCaffrey	Non-Executive Director	Appointed 26 August 2016
Siegfried Konig	Executive Chairman	Appointed 15 August 2014, resigned 24 July 2017
Sean Corbin	CEO/Executive Director	Appointed 29 May 2015, Alternate Director from 15 August 2014, resigned 21 November 2016
Secretary		
David Clark	Secretary and Chief Financial Officer	Appointed 26 September 2017

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	Consulting Fees	Non-monetary benefits	Leave benefits	Superannuation	Shares	**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**		

* Includes $12,000 allowance for motor vehicle
** Appointed after year end
*** No payments made since appointment as KMP

REMUNERATION REPORT - AUDITED

Remuneration of Directors and other Key Management Personnel – 2016

	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									
Siegfried Konig	297,000	103,974*	-	-	28,215	-	429,189	24%	-
David Henson	183,333	-	-	-	-	-	183,333	-	-
Sean Corbin	149,424	-	-	-	14,176	-	163,600	-	-
Former Directors									
Ross Henden	78,000	-	-	-	-	-	78,000	-	-
Total	**707,757**	**103,974**	**-**	**-**	**42,931**	**-**	**854,122**		

* 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.

Key management personnel equity holdings

Shareholdings

	Balance 1 July 2016	Acquired through Capital Raisings	Other additions	Disposals and transfers	Derecognized on resignation	Balance 30 June 2017
Directors						
Dan Lanskey	-	-	-	-	-	-
David Henson	66,592,766	3,000,000	5,400,000	(4,366,570)	-	70,626,196
Declan McCaffrey	-	6,000,000	163,066	(788,510)	-	5,374,556
Siegfried Konig	385,112,781	3,000,000	4,366,570	(23,218,026)	-	369,261,325
Sean Corbin	34,387,464	3,000,000	-	-	(37,387,464)	-
	486,093,011	**15,000,000**	**9,296,636**	**(28,373,106)**	**(406,648,789)**	**76,000,752**

Disposals and transfers
As a result of the issue of Excess Shares to Ecopropp vendors, Mr Siegfried Konig received 9,422,728 ordinary shares and Mr David Henson received 2,183,285 ordinary shares in breach of ASX Listing Rule 10.11, being their respective portions of the Excess Shares issued. By way of remedial action for the breach of ASX Listing Rule 10.11, each of Messrs Konig and Henson sold double their respective Excess Director Shares. On 3 February 2017, Mr Konig sold 23,212,026 shares on-market representing twice the excess shares (9,422,728 x 2) he received and twice the excess shares (2,183,285 x 2) Mr Henson received with the net proceeds of such sales donated to charity. On 30 March 2017, Mr Henson transferred 4,366,570 shares to Mr Konig representing a reimbursement to Mr Konig of twice the excess shares Mr Henson had received. In the above table, 23,218,026 is reported in as sold by Mr Konig. The difference of 6,000 shares to the amount sold on market by Mr Konig on 3 February 2017 refers to an adjustment after a numerical error in Mr Konikg's holdings was discovered and amended on 2 December 2016.

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 2016**	**Issued**	**Exercised**	**Expired**	**30 June 2017**
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 2.0 years.

Deposit with related parties

1AA Investment Group Pty Ltd

Financial Year:	**2017**	**2016**
Balance at 1 July 2016	400,000	-
Deposit made	-	500,000
Deposit repaid	(400,000)	(100,000)
Balance at 30 June 2017	**-**	**400,000**

LWP deposited $500,000 on 12 May 2016 in 1AA Investment Group Pty Ltd. This deposit was reduced by $100,000 on 22 June 2016 to a net deposit of $400,000. The directors and shareholders of 1AA Investment Group Pty Ltd include Siegfried Konig and Sean Corbin. The ASX believe that LWP incorrectly made an investment with the related party in Franchise Retail Brands Limited for $500,000 and the ASX used its discretion under Listing Rule 10.1.5 to ascertain that LWP breached Listing Rule 10.1. Under Listing Rule 10.9 , LWP took corrective action, requested that the investment be cancelled and the balance of monies of $400,000 were returned to LWP on 6 October, 2016.

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 $	2016 $	2015 $	2014 $	2013 $
Share price at end of financial year	0.001	0.005	0.011	0.010	0.002
Market capitalisation at end of financial year ($M)	5.93	22.8	23.7	3.16	0.63
Net Profit/(loss) for the financial year	(9,936,485)	(5,996,978)	(6,479,201)	(1,138,053)	477,987
Director and Key Management Personnel remuneration	891,139	854,122	180,000	357,842	1,271,687

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.

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 2017.

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

No equity instruments were issued as remuneration in 2017.

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

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

AUDITOR'S INDEPENDENCE DECLARATION

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 2017, 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 entities it controlled during the year.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 8 December 2017

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 17 November 2017.

Distribution of equity securities

LWP – Ordinary Fully Paid Shares

Number of Securities Held	**No's of holders**
1 to 1,000	83
1,001 to 5,000	22
5,001 to 10,000	17
10,001 to 100,000	331
100,001 and over	2,426
Total	**2,879**
Number of unmarketable parcels of shares	1,405

Twenty largest holders

HRL – Ordinary Fully Paid Shares

No.	**Name of Shareholder**	**Holding**	**% Held**
1	CITICORP NOMINEES PTY LIMITED	654,802,618	11.04
2	BNP PARIBAS NOMINEES PTY LTD <GLOBAL PRIME OMNI DRP>	389,618,078	6.57
3	MR SIEGFRIED BERNHARDT KONIG + MRS SANDRA ANN KONIG <SK SUPERANNUATION FUND A/C>	351,384,741	5.93
4	CSH ENGINEERING PTY LTD	141,795,235	2.39
5	TERRA ROYALTY LLC	75,794,444	1.28
6	COPIA BARL CORP	68,338,258	1.15
7	MPS STAFF SUPER PTY LTD <MPSSF INVESTMENTS A/C>	63,927,116	1.08
8	MR HAKAN BASAGAC	61,500,000	1.04
9	MR ILYA MARTINALBO <THE SONALBOS A/C>	53,526,189	0.90
10	J P MORGAN NOMINEES AUSTRALIA LIMITED	40,844,341	0.69
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	40,236,718	0.68
12	FLOTECK CONSULTANTS LIMITED	40,000,000	0.67
13	YORLAT PTY LTD <GOBBERT SUPER FUND A/C>	40,000,000	0.67
14	MR RONALD P ZAPLETAL <SUSAN P ZAPLETAL FAMILY 2012 G>	38,694,844	0.65
15	EAS ADVISORS LLC	36,732,274	0.62
16	MRS HONGYAN MA	35,000,000	0.59
17	PLAMIN PTY LTD	34,779,290	0.59
18	DR SHARYN HENSEL <SHARYN GAYE HENSEL A/C>	32,500,000	0.55
19	MS BIANCA KLOTZSCHE	31,338,584	0.53
20	BOONYIN INVESTMENTS PTY LIMITED	31,000,000	0.52
		2,261,812,730	**38.14**

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.

ADDITIONAL ASX INFORMATION

Substantial Shareholders

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

- CITICORP NOMINEES PTY LIMITED holds an interest in 654,802,618 shares (11.04%)
- BNP PARIBAS NOMINEES PTY LTD <GLOBAL PRIME OMNI DRP> holds an interest in 389,618,078 shares (6.57%)
- MR SIEGFRIED BERNHARDT KONIG + MRS SANDRA ANN KONIG <SK SUPERANNUATION FUND A/C> holds an interest in 351,384,741 shares (5.93%)

Other Information

The name of the Company Secretary is David Wallace Clark

The address of the principal registered office is Suite 29, 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

Quotation 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 2017

	Note	2017 $	2016 $
Interest revenue		8,160	24,700
Dividend revenue		176	27,186
Fair value (loss) gain on financial assets at fair value through the profit and loss	9	-	430,384
Other income		78,550	-
Administration expenses		(414,603)	(1,006,209)
Depreciation and amortisation expenses	10	(99,422)	(42,030)
Expenses relating to the advancement of proppant technology		(1,615,378)	(1,885,239)
Employee and consultant expenses	4	(1,185,973)	(1,955,747)
Finance costs		(52,186)	-
Impairment of plant and equipment	10	(305,138)	-
Impairment of receivables	7	(117,025)	(452,000)
Legal expenses		(211,344)	(420,570)
Loss on revaluation of financial assets	4	(4,839,173)	-
Marketing and travel expenses		(464,232)	(1,082,155)
Share of equity accounted associate's loss and impairment of investment in associate	11	(718,897)	(371,924)
Settlement of disputed tax	13	-	736,626
Loss before income tax		(9,936,485)	(5,996,978)
Income tax expense	2	-	-
Loss after income tax		(9,936,485)	(5,996,978)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss)		**(9,936,485)**	**(5,996,978)**
		Cents	**Cents**
Earnings per share			
Basic earnings per share	5	(0.17)	(0.16)
Diluted earnings per share	5	(0.17)	(0.16)

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 2017

	Note	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	6	**666,377**	1,846,712
Trade and other receivables	7	**35,261**	963,219
Other assets	8	**20,479**	450,391
Financial assets at fair value through profit or loss	9	**373,150**	1,442,384
TOTAL CURRENT ASSETS		**1,095,267**	4,702,706
NON-CURRENT ASSETS			
Plant and equipment	10	**4,000**	400,999
Equity accounted investments	11	**-**	-
TOTAL NON-CURRENT ASSETS		**4,000**	400,999
TOTAL ASSETS		**1,099,267**	5,103,705
CURRENT LIABILITIES			
Trade and other payables	12	**235,138**	417,857
Provisions	13	**52,081**	-
TOTAL CURRENT LIABILITIES		**287,219**	417,857
TOTAL LIABILITIES		**287,219**	417,857
NET ASSETS		**812,048**	4,685,848
EQUITY			
Contributed capital	14	**465,158**	21,831,039
Reserves	15	**346,890**	346,890
Accumulated losses		**-**	(17,492,081)
TOTAL EQUITY		**812,048**	4,685,848

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 2017

	Contributed Capital $	Share Based Payment Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2015	13,559,618	346,890	(11,495,103)	2,411,405
Comprehensive income				
Loss after income tax	-	-	(5,996,978)	(5,996,978)
Total comprehensive income	-	-	(5,996,978)	(5,996,978)
Transactions with owners in their capacity as owners				
Contributions of capital	8,539,632	-	-	8,539,632
Share issue costs	(1,168,907)	-	-	(1,168,907)
Share based payments	900,696	-	-	900,696
Total	8,271,421	-	-	8,271,421
Balance at 30 June 2016	21,831,039	346,890	(17,492,081)	4,685,848
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

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 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		8,160	24,700
Dividends received		176	27,186
Payments to suppliers and employees		(3,596,297)	(5,142,095)
Finance costs		(106)	-
Income tax settlement	13	-	(220,828)
Net cash provided by/(used in) operating activities	16	(3,588,067)	(5,311,037)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant & equipment		(5,030)	(430,925)
Refund (Payments) for related party deposit		400,000	(400,000)
Contributions to Graphenera Pty Ltd	11	(718,897)	(221,924)
Payments for financial assets	9	(145,000)	(1,012,000)
Proceeds from the sale of financial assets	9	1,062,874	-
Funds advanced to other parties	7	(117,025)	(300,000)
Net cash provided by/(used in) investing activities		476,922	(2,364,849)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions of capital		1,963,810	6,734,620
Capital raising costs		(33,000)	(341,917)
Net cash provided/(used in) by financing activities		1,930,810	6,392,703
Net increase/(decrease) in cash and cash equivalents held		(1,180,335)	(1,283,183)
Cash and cash equivalents at the beginning of the financial year		1,846,712	3,129,895
Cash and cash equivalents at the end of the financial year		666,377	1,846,712

The Statement of Cash Flows should be read in conjunction with the 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.

LWP has also entered into a Joint Venture (JV) on 14 June 2016 to commercialise Aluminium-Graphene Synthesis and battery technology. Funds invested would be spent on developing battery prototypes for the first of three patents that have been lodged, with an initial focus on the revolutionary battery technology. The JV partners intended to license the technology to battery manufacturers and other industry participants. Subsequent to year end the agreement has been terminated as detailed in Note 26.

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) 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 2017 financial year of $9,936,485 (2016: Loss of $5,996,978) and net operating cash outflows of $3,588,067 (2016: Outflows of $5,311,037). As at 30 June 2017 the consolidated entity had cash of $666,377 (2016: Cash of $1,846,712).

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

The Directors are cognisant of the fact that future development and administration activities are constrained by available cash assets and believe future identified cash flows are sufficient to fund the short-term working capital requirements of the Company.

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;
- the ability of the consolidated entity to continue to raise capital, as and when necessary; and
- ongoing progress on development of the Group's intellectual property which could yield financial returns when successfully exploited.

The reliance on raising additional funding by capital raisings or other alternative funding arrangements give rise to the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Directors are confident of securing funds if and when necessary to meet the Company's obligations as and when they fall due, and consider the adoption of the going concern basis to be appropriate in the preparation of these financial statements.

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. Refer note 9 for more details.

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 (CONT'D)

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.

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

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.

(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%
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.

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

(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.

(e) Financial Instruments

<u>Recognition and initial measurement</u>
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.

<u>Classification and subsequent measurement</u>
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.

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

(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.

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.

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 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.

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 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 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 (CONT'D)

(r) New Accounting Standards

The Consolidated Entity adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2017. 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 2017 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.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018. The consolidated entity currently does not have any significant revenue contracts with customers that may be impacted by this standard.

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

(s) New Standards and Interpretations Not Yet Adopted (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

	2017	2016
	$	$

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 2017 and 2016 is as follows:

	2017 $	2016 $
Accounting profit /(loss) before income tax	(9,936,485)	(5,996,978)
Tax at the Australian tax rate of 27.5% (2016: 30%)	(2,732,533)	(1,799,093)
Non-deductible expenses		
Impairment of plant and equipment	83,913	-
Loss (Gain) on revaluation of financial assets	1,304,648	(129,115)
Impairment of receivables	32,182	135,600
Share of equity accounted associate's loss and impairment of investment in associate	196,046	118,062
Other expenses	-	171,851
Deferred tax assets not brought to account	1,115,744	1,502,695
Income tax	-	-

	2017 $	2016 $
Unrecognised temporary differences and tax losses		
Unused tax losses opening balance (@ 30%)	9,847,502	8,344,807
Under provision of income tax	1,376,179	-
Change in tax rate	(935,307)	-
Deferred tax assets not brought to account	1,115,744	1,502,695
Unused tax losses and temporary differences for which no deferred tax asset has been recognised (@27.5%)	11,404,118	9,847,502

NOTE 2 INCOME TAX (CONT'D)

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

	2017 $	2016 $
Audit services – BDO Audit Pty Ltd	-	-
Audit of financial reports	70,500	65,000
Non-audit services – BDO (Qld) Pty Ltd		
Taxation services	104,580	73,131

NOTE 4 EXPENSES

	Note	2017	2016
Employee benefits expenses			
Defined contribution superannuation expense		28,030	47,681
Share based payments		-	900,696
Other employee benefits expenses		1,157,943	1,007,370
Total employee benefits expenses		**1,185,973**	**1,955,747**
Rental expense relating to operating leases			
Minimum lease payments		51,372	143,185
Loss on revaluation of financial assets			
Fair value (loss) gain /Impairment expense - ASX listed shares		151,360	-
Loss on revaluation of financial assets - Receivable from Lanstead Sharing Agreement	9	4,687,813	-
Total loss on revaluation of financial assets		4,839,173	-

NOTE 5 EARNINGS PER SHARE

	2017	2016
Earnings		
Basic and diluted loss per share (cents per share)	(0.17)	(0.16)
Earnings used to calculate basic and diluted EPS	(9,936,485)	(5,996,978)

Weighted average number of shares and options	**Number of shares**	**Number of shares**
Weighted average number of ordinary shares outstanding during the period, used in calculating basic earnings per share	5,701,252,201	3,839,077,431
Weighted average number of dilutive options outstanding during the period	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period, used in calculating diluted earnings per share	5,701,252,201	3,839,077,431

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

	2017 $	2016 $
Cash at bank and on hand	586,377	1,766,712
Cash on deposit	80,000	80,000
	666,377	**1,846,712**

NOTE 7 TRADE AND OTHER RECEIVABLES

CURRENT		
GST and other receivables	35,261	62,219
Receivables for unpaid share capital	-	901,000
Loan receivables	117,025	-
Provision for impairment	(117,025)	-
Loan to Omnet Pty Ltd	300,000	300,000
Provision for impairment	(300,000)	(300,000)
	35,261	**963,219**

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

NOTE 8 OTHER ASSETS

Prepayments	20,479	50,391
Deposit	-	400,000
	20,479	**450,391**

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:

Financial assets at fair value through profit or loss	**373,150**	**1,442,384**

Movements during the year

Year ended 30 June 2017	**2017**	**2016**
Balance at 1 July 2016	1,442,384	-
Payments for financial assets	145,000	1,012,000
Proceeds from sale of financial assets	(1,062,874)	-
Fair value (loss) gain /Impairment expense during the year	(151,360)	430,384
Balance at 30 June 2017	**373,150**	**1,442,384**

The financial assets above are all ASX listed equities measured at fair value through profit or loss with the exception of $151,360 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 9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Lanstead Sharing Agreement

On 26 August 2016, shareholders approved a Share Subscription Agreement of up to $6 million with Lanstead Capital LP, (before costs) whereby Lanstead is now a 19.9% shareholder and cornerstone investor of the Company. Shareholders also approved the issue of 120,000,000 options to Lanstead Capital LP on the terms set out in the Notice to Extraordinary General Meeting. On 2 September 2016, under the Share Subscription Agreement, 1,125,000,000 ordinary shares were issued to Lanstead for a cash consideration of $5,625,000. A value payment of 60,000,000 shares was also issued to Lanstead as consideration for entering into the Sharing Agreement. A$845,000 was received upon subscription with the balance of $4,780,000 (after costs) invested by the Company in a Sharing Agreement, to be returned in 18 monthly instalments commencing in October 2016 and subject to certain conditions. The agreement expires in March 2018.

Lanstead Share Subscription Agreement	**Shares issued**	**$**
Total shares issued under the sharing agreement	1,185,000,000	5,925,000
Less: shares issued for transaction cost (value payment)	(60,000,000)	(300,000)
Total shares deemed for repayment	1,125,000,000	5,625,000
Cash received upfront (non-reinvestment)	281,250,000	(845,000)
Shares subject to sharing agreement	843,750,000	4,780,000
Less: Cash receipts under the sharing agreement excluding upfront receipts		71,876
Fair value of the shares subject to sharing agreement		4,687,812
Fair value movement recognised through profit or loss		(4,687,812)
Fair value of equity swap at 30 June 2017		-

Under the Sharing Agreement, monthly settlements are made based a five-day volume weighted average price (VWAP) of the Company's shares relative to a benchmark price of $0.0067. If the market price of the Company's shares exceeds the benchmark price, a payment is made by Lanstead to the Company, with the amount of the payment depending on the amount by which the market price exceeds the benchmark price. If the market price of the Company's shares is less than the benchmark prices, then a payment is made by the Company to Lanstead, with the amount of the payment depending on the amount by which the market price is less than the benchmark prices. Fair value of the Lanstead-LWP sharing agreement is sensitive to actual share prices and trading volatility of LWP shares.

Initial recognition
The shares issued under the Lanstead sharing agreement were recognised at the nominal issue price at date of issue as well as cash and/or receivable of that amount.

Subsequent to initial recognition
Thereafter, shares subject to the sharing agreement (equity swap receivable) are recognised as a derivative financial asset at fair value through profit or loss. On 20th February 2017, LWP announced that the Company will not receive funding pursuant to the terms of the sharing agreement while the Company's share price is at the current level of $0.001. Once the Company's VWAP increases to approximately $0.0067, funding will recommence during the term. Due to the uncertainty surrounding the increase of the company's share price and achieving the required VWAP, the company estimated that the fair value of the equity swaps at 30 June 2017 was $Nil. The difference between the determined fair value of the purchase price of the remaining shares subject to the agreement, less any cash receipts during the year has been taken to the profit or loss. An unrealised loss of $4,687,812 has been recorded in the profit or loss for the year.

NOTE 10 PLANT AND EQUIPMENT

	2017	2016
Motor vehicles at cost	21,909	21,909
Impairment expense	(8,231)	-
Accumulated depreciation	(9,678)	(4,201)
	4,000	17,708
Office furniture and equipment at cost	14,589	7,028
Impairment expense	(9,320)	-
Accumulated depreciation	(5,269)	(2,888)
	-	4,140
Lab and workshop equipment at cost	412,664	412,664
Impairment expense	(287,587)	-
Accumulated depreciation	(125,077)	(33,513)
	-	379,151
Total plant and equipment at cost	449,162	441,601
Total impairment expense	(305,138)	-
Total accumulated depreciation	(140,024)	(40,602)
Total plant and equipment	**4,000**	400,999

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 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**

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**

NOTE 11 EQUITY ACCOUNTED INVESTMENTS

Graphenera Pty Ltd

LWP Technologies entered in to an agreement to invest $1.6 million over time and subject to various milestones, to progress an Graphene-Aluminium-Air battery on the 14th June 2016 through a 50% investment in Graphenera Pty Ltd and Graphenera IP Pty Ltd with the other party being VVV Technologies. During the year ended 30 June 2016, LWP spent $221,000 on cash and $150,000 in share based payments on the technology and issued 30 million LWP shares to VVV Technologies.

LWP had spent a further $718,897 on the development of the technology in July and August 2016 prior to issuing a breach notice on 25th August 2016. After several attempts to have these breaches remedied without success, LWP terminated the agreements on 30th September 2016.

On 27 January 2017, LWP commenced legal proceeding in the Queensland Supreme Court against VVV Technologies Pty Ltd (VVV) in relation to LWP's investment in Graphenera. LWP is seeking compensation for breach of the Shareholders Agreement as well as cancellation of the 30 million shares issued by LWP to VVV and its 50% stake in Graphenera.

Subsequent to the end of the financial year, on 21 July 2017, the Court dismissed the matter and awarded costs against LWP. On 2 November 2017 LWP received a Costs Statement in the sum of $134,678 and an accrual for this amount has been made in the accounts at 30 June 2017.

After equity accounting the loss in Graphenera Pty Ltd and Graphenera IP Pty Ltd as at 30 June 2016, the directors impaired the remaining asset in the 2017 financial year.

Graphenera Pty Ltd (Con't)

	2017	**2016**
	$	**$**
Opening balance	-	-
Share based payment to vendors	-	150,000
Contribution of share capital to Graphenera Pty Ltd	718,897	221,924
Share of loss of equity-accounted investee and impairment	(718,897)	(371,924)
	-	**-**

NOTE 12 TRADE AND OTHER PAYABLES

CURRENT		
Trade payables	39,645	312,784
Other payables and accrued expenses	195,493	105,073
	235,138	**417,857**

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 13 PROVISIONS

	2017	2016
	$	$
CURRENT		
Provision for Settlement of Tax Dispute	**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 have since rejected the R&D tax offset claimed in the 2015 income tax return and imposed shortfall interest charge of $52,080. Subsequent to the end of the 2017 financial year the consolidated entity objected to the disallowance of the R&D tax incentive and shortfall interest charge and is also facilitating a discussion with the ATO about the disallowance of the R&D tax incentive and the shortfall interest charge.

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 consolidated entity for the 2011, 2012 and 2013 income years. The consolidated entity did not agree with the Statement of Position and pursued a defence against the claims. During the current period the consolidated entity successfully negotiated an outcome with the ATO which resulted in final settlement of $220,828. The reduction in the amount provided for has been recognised as a reversal of expenditure in the Statement of Comprehensive Income in the 2016 financial year.

Provision for Settlement of Tax Dispute (Con't)

	2017	2016
	$	$
Movements during the period		
Opening balance	-	957,454
Gain on settlement of dispute	-	(736,626)
Shortfall interest provided for	52,081	-
Amounts settled	-	(220,828)
	52,081	**-**

NOTE 14 CONTRIBUTED CAPITAL

	2017 $	2016 $
(a) Share capital		
5,929,872,725 ordinary shares (30 June 2016: 4,556,325,609)	**514,424**	**21,831,039**
Total share capital	**514,424**	**21,831,039**

(b) Movements in ordinary share capital	**Number of shares**	**Price per share**	**$**
Ordinary shares			
Balance at 30 June 2015	2,162,323,288		13,559,618
Milestone shares issued on acquisition of Ecopropp Pty Ltd	1,054,282,073		-
Issue of shares in LWP Technologies Limited	1,349,720,248	**	9,440,328
Share issue costs			(1,168,907)
Sub total	**2,414,002,321**		**8,271,421**
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**

* On 30 June 2017 the Company reduced its share capital by $27,270,312 in accordance with Section 258F of the Corporations Act.
** 2016: 1,349,720,248 shares issued at prices between $0.0035 and $0.0110 per share
** 2017: Share issue price is subject to the Sharing Agreement with Lanstead Capital LP

NOTE 14 CONTRIBUTED CAPITAL (CONT'D)

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 2016**	**Issued**	**Exercised**	**Expired**	**30 June 2017**
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 Nil 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 2016**	**Issued**	**Exercised**	**Expired**	**30 June 2017**
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 performance rights options outstanding at year end was 2.0 years.

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 21 for further information.

NOTE 15 RESERVES

	2017	2016
	$	$
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.

Movements during the year

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

The Company agreed to issue 50,000,000 options to EAS Advisory LLC nn 26 May 2015 as payment for advisory services in relation to a capital raising undertaken in August 2015. The options have the following terms:

	Tranche 1	Tranche 2
Number of options	20,000,000	30,000,000
Exercise price	$0.005	$0.01
Vesting conditions	LWP volume weighted share price achieving $0.025 over a 5 day period	LWP volume weighted share price achieving $0.425 over a 5 day period
Expiry date	30 September 2016	30 September 2017

The value of the options was calculated by using a Binomial pricing model applying the inputs shown below:

	Tranche 1	Tranche 2
Grant date	26 May 2015	26 May 2015
Vesting conditions	LWP volume weighted share price achieving $0.025 over a 5 day period	LWP volume weighted share price achieving $0.425 over a 5 day period
Exercise price	$0.005	$0.01
Share price at grant date	$0.012	$0.012
Life of the options	1.5 years	2.5 years
Underlying share price volatility	100%	100%
Expected dividends	Nil	Nil
Risk free interest rate	2.59%	2.59%
Fair value per option	0.734 cents	0.667 cents

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

NOTE 16 CASH FLOW INFORMATION

	2017 $	2016 $
Reconciliation of cash flows from operations with profit/(loss) after tax		
Loss after income tax	(9,936,485)	(5,996,978)
Non-cash items in loss after income tax		
Depreciation and amortisation	99,422	42,030
Loss (Gains) on held for trading financial assets	-	(430,384)
Share of equity accounted associate's loss	-	371,924
Impairment of plant and equipment	305,138	-
Impairment of receivables	117,025	452,000
Loss on revaluation of financial assets	4,839,173	-
Share based payments	-	900,696
Movements in operating assets and liabilities		
Trade and other receivables	688,386	(45,386)
Other assets	429,912	(50,391)
Trade and other payables	(182,719)	402,906
Provisions	52,081	(957,454)
Net cash used in operating activities	(3,588,067)	(5,311,037)

Non-cash investing and financing activities

	2017	2016
Shares issued as consulting fees for Indian JV	160,000	-
Shares issued as consulting fees for Lanstead Capital LP placement	516,585	-
Shares issued to Lanstead Capital LP a value payment for entering into a sharing agreement	300,000	
Shares issued to Lanstead Capital LP under the sharing agreement	4,780,000	-
Shares issued for the Graphenera acquisition (refer Note 11)	-	150,000
Shares issued for capital raising costs	-	480,100

NOTE 17 SHARE BASED PAYMENTS

On 25 August 2016, LWP issued 32,000,000 fully paid ordinary shares at $0.005 per share for a total value of $160,000 as payment for consulting fees in relation to the Indian Joint Venture.

On 25 August 2016, LWP issued 103,727,116 fully paid ordinary shares at $0.0049 per shares for a total value of $516,585 as payment for consulting fees in relation to Lanstead Capital LP placement.

On 2 September 2016, LWP issued 60,000,000 fully paid ordinary shares at $0.005 per shares for a total value of $300,000 to Lanstead Capital LP as a value payment for entering into a sharing agreement with Lanstead.

On 2 September 2016, LWP issued 1,125,000,000 fully paid ordinary shares at $0.005 per shares for a total value of $5,625,000 to Lanstead Capital LP under the sharing agreement after costs and before sharing agreement instalments.

On 2 September 2016, LWP issued 120,000,000 unlisted options to Lanstead Capital LP with an exercise price of $0.006 and a three year term expiring on 1st September 2019.

NOTE 18 RELATED PARTY TRANSACTIONS

Key Management Personnel Compensation

	2017 $	2016 $
Short-term benefits	749,551	811,731
Consulting Fees	12,000	-
Post-employment benefits	28,030	42,391
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	789,581	**854,122**

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 18.

Transactions with related parties

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.

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.

NOTE 18 RELATED PARTY TRANSACTIONS (CONT'D)

Mr Sean Corbin

There is a service arrangement with Mr Sean Corbin as Executive Director and Chief Executive Officer, Rest of World Arrangements commencing from 22 September 2015. The key terms of the contract are a three year term with the option of an extension for a further three years; a fee of $165,000 per annum plus superannuation payable at 9.5%; and a 2 month notice period. Mr Corbin resigned on 21 November 2016.

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.

Deposit with related parties

LWP deposited $500,000 on 12 May 2016 in 1AA Investment Group Pty Ltd. This deposit was reduced by $100,000 on 22 June 2016 to a net deposit of $400,000. The directors and shareholders of 1AA Investment Group Pty Ltd include Siegfried Konig and Sean Corbin. The ASX believe that LWP incorrectly made an investment with the related party in Franchise Retail Brands Limited for $500,000 and the ASX used its discretion under Listing Rule 10.1.5 to ascertain that LWP breached Listing Rule 10.1. Under Listing Rule 10.9 , LWP took corrective action and requested that the investment be cancelled. The balance of monies of $400,000 was returned to LWP on 6 October, 2016.

Ms Mia Konig

Ms Mia Konig, the daughter of Mr Siegfried Konig had control of a LWP corporate credit card.

NOTE 19 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:

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 2017. Credit risk is reviewed regularly by the Board.

NOTE 19 FINANCIAL RISK MANAGEMENT (CONT'D)

Maximum exposure to credit risk

	2017 $	2016 $
Summary exposure		
Cash and cash equivalents	666,377	1,846,712
Receivables for unpaid share capital*	-	901,000
Receivable from related party	-	400,000
Loan receivables	117,025	-
Loan to Omnet Pty Ltd	300,000	300,000
GST and other receivables	35,261	62,219
	1,118,613	**3,509,931**

* Amounts relating to unpaid share capital were received in July 2016.

Loan receivables of $117,025 and the loan to Omnet Pty Ltd of $300,000 remain outstanding and both amounts have been impaired to $Nil. Refer to Note 7 for further details.

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

30 June 2016	Fixed interest rate	1 year or less $	1 to 2 years $	Over 2 years $	Total $
Trade and other payables	-	417,857	-	-	417,857

NOTE 19 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:

	2017 $	2016 $
Impact on profit and equity		
+1.00% (100 basis points)	6,664	18,467
-1.00% (100 basis points)	(6,664)	(18,467)

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 2017, the Consolidated Entity had the following exposure to price risk:

Investments in ASX listed companies	373,150	1,442,384

At 30 June 2017, 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	360,596
-25%	(105,604)	(360,596)

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 19 FINANCIAL RISK MANAGEMENT (CONT'D)

Level 1 Investments: Quoted prices (unadjusted) in active markets for identical assets

For the year ended 30 June 2017 the value of the listed shares was based on the closing price of securities as quoted on the ASX on 30 June 2017. 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 $151,360 (2016: Unrealised gain of $430,384).

Refer to Note 9 for a summary of the fair value of the Lanstead Agreement.

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 14. 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.

	2017	**2016**
	$	**$**
NOTE 20 COMMITMENTS		
Minimum lease payments:		
Payable within one year	27,927	103,264
Payable within one year and five years	380	26,027
Total contracted at balance date	**28,307**	**129,291**

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. All other leases have expired or been cancelled.

NOTE 21 PARENT ENTITY INFORMATION

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

	2017	2016
	$	$
Parent Entity Financial Information		
Current assets	1,093,135	4,701,805
Non-current assets	4,000	400,999
Total assets	1,097,135	5,102,804
Current liabilities	287,219	417,857
Non-current liabilities	-	-
Total liabilities	287,219	417,857
Net assets	**809,916**	**4,686,947**
Issued capital	25,512,641	46,878,522
Reserves	1,570,437	1,570,437
Accumulated losses	(26,273,162)	(43,762,012)
Total equity	**809,916**	**4,686,947**
Profit/(loss) after income tax	(12,972,826)	(6,963,269)
Other comprehensive income	-	-
Total comprehensive income	**(12,972,826)**	**(6,961,267)**

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 20).

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
	2017	2016	
	%	%	
Ecopropp Pty Ltd	100%	100%	Australia

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.

NOTE 21 PARENT ENTITY INFORMATION (CONT'D)

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 22 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The consolidated entity does not have any contingent assets or contingent liabilities at 30 June 2017 (2016: Nil)

NOTE 23 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 24 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 25 EVENTS AFTER BALANCE DATE

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 was 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.

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.

NOTE 25 EVENTS AFTER BALANCE DATE (CONT'D)

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

On 20th February 2017, the Company announced that LWP has met with ATO representatives regarding the monies owed to LWP under the R&D tax offset grant, and the ATO representatives have visited LWP's Pilot Plant in Queensland. LWP has since provided additional information to the ATO and discussions are continuing. R&D offset tax experts BDO, have been retained to assist LWP. Subsequent to the end of the financial year and as advised to the market in August 2017, 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 has lodged formal objections to the rulings by the ATO and a facilitation meeting with the ATO is scheduled for the first week of December 2017.

The Company plans to lodge an R&D claim for the Financial Year ended 30 June 2016 following the facilitation meeting.

Investment in Graphenera

On 27 January 2017, LWP commenced legal proceeding in the Queensland Supreme Court against VVV Technologies Pty Ltd (VVV) in relation to LWP's investment in Graphenera. LWP is seeking compensation for breach of the Shareholders Agreement as well as cancellation of the 30 million shares issued by LWP to VVV and its 50% stake in Graphenera. Subsequent to the end of the financial year, on 21 July 2017, the Court dismissed the matter and awarded costs against LWP.

On 2 November 2017 LWP received a Costs Statement in the sum of $134,678. On 30 November 2017 the matter was settled with a full and final payment of $95,000.

Independent Legal Review – Dentons Appointed

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.

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

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 2017 and of its performance for the financial year ended on that date; and

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

(b) 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.

Dan Lanskey
Director

Brisbane
8 December 2017

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 statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 LWP Technologies Limited, 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 2017 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 (30 June 2016: Nil). LWP Technologies Limited's share of Graphenera's net loss and impairment to 30 June 2017 of $718,897 (30 June 2016: $371,924) is included in LWP Technologies Limited's statement of profit or loss and other comprehensive income for the year then ended. 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 and 30 June 2016, or LWP Technologies Limited's share of Graphenera's net loss and impairment for the year ended 30 June 2017 and the year ended 30 June 2016. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Our audit report for the year ended 30 June 2016 was modified accordingly. Our opinion on the 30 June 2017 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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for qualified opinion* section and the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Lanstead Sharing Agreement

Key audit matter	*How the matter was addressed in our audit*
Refer to Notes 1(e)(i) and 9 of the financial report. During the year the company entered into the Lanstead Sharing Agreement which resulted in the issue of 1,185,000,000 shares for a total value of $5,925,000. Under the terms of this agreement (after a transaction cost of 60,000,000 shares for $300,000), cash of $845,000 was received at initial recognition of this financial instrument. In addition, the company also received a derivative receivable (ie. sharing agreement) which entitled the company to receive up to $4,780,000 subject to various conditions. The main condition attached to this derivative receivable included only receiving the cash where the volume weighted average price (VWAP)	We have evaluated the accounting for the Lanstead Sharing Agreement and its various components that includes the derivative receivable. Our procedures included, but were not limited to the following: • Obtaining an understanding of and assessing the terms and conditions of the Lanstead Sharing Agreement to determine how the agreement and its various components should be accounted for. • Considering the appropriateness of the valuation methodology used at initial recognition and as at 30 June 2017

exceeded a specified hurdle on a monthly basis over an 18 month term. Where the VWAP hurdle was not met, no cash was received. This derivative receivable has been recognised at fair value via the profit or loss resulting in a nil value as at 30 June 2017 and an expense in the profit or loss of $4,687,812 for the year ended 30 June 2017. Accounting for derivative receivable was considered a key audit matter due to: • the complexity involved in assessing how to account for the combined Lanstead Sharing Agreement and the derivative receivable; • measurement at initial recognition of the individual components of the Lanstead Sharing Agreement and the significant judgement in determining the fair value of the separate components of the agreement; and • measurement subsequent to initial recognition including the assessment of fair value as at 30 June 2017.	against the requirements of the relevant Australian Accounting Standard. • Considering the reasonableness of the inputs to the valuations. • Reviewing the measurement and accounting for derivative receivable subsequent to initial recognition. • Reviewing the adequacy of the disclosures related to the initial and subsequent recognition of the Lanstead Sharing Agreement and the derivative receivable by comparing these disclosures to our understanding of the matter and the applicable accounting standards.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Group's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 on the other information obtained prior to the date of this auditor's report, 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 (http://www.auasb.gov.au/Home.aspx) 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 12 to 18 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of LWP Technologies Limited, for the year ended 30 June 2017, 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, 8 December 2017