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ASX: Market Update

LaserBond Enters Contract for Technology Licensing in China

LaserBond has signed a technology licensing contract with a large minerals processing equipment manufacturing company located in the Henan Province of Central China. The company manufactures crushing equipment and has a division for reclamation of mining and minerals processing components. This requires fast turnaround with local presence in central China.

China represents a major market for the application of LaserBond's technology. In coal mining, a space that LaserBond knows well, China is the largest producer in the world, producing 3.9 billion tons in 2014. This was more than 3 times larger production than the next largest producer, USA. Australia ranks a distant fifth. The Henan province is central to the major mining areas of China.

Research carried out for LaserBond indicates the Chinese mining equipment sector generates US\$15 billion in revenue p.a. This equipment suffers similar wear and corrosion issues to mining equipment in Australia. LaserBond's technology has been proven to provide significant increases in productivity and reduced costs of operation in many applications in the Australian mining equipment market.

The support for remanufacturing in China extends from the upper levels of the central government. The China National People's Congress' Twelfth Five-Year Plan has the "remanufacturing industry" as one of the key projects of the recycling economy. Laser cladding is seen as one of the essential elements of the remanufacturing industry.

The contract initially involves the design, building, installation and commissioning of a new complete LaserBond® cladding cell tailored to their specific applications for \$1.45m (at current exchange rates). Technology training and support will follow this over a 5 year period, in return for revenue based fees. The contract also includes confidentiality, non-compete and exclusivity provisions.

In commenting on the contract, Executive Director, Wayne Hooper said: "We have chosen a company that has demonstrated ability to partner with international technology companies, and which has a large presence in the Chinese mining equipment market. Within the demanding Australian markets, LaserBond has developed applications for a diverse range of industries and this experience enables us to provide tailor made solutions for specific international applications. The contract demonstrates the significant value in the technology and intellectual property LaserBond has developed. The company will unlock the potential by continuing to expand direct applications as well as international technology licensing. We are aiming to make this agreement the first of many."

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