

## **Long Pipes Limited (LPL): - Information Memorandum, December 2018**



### **Covering Letter from Founder and Major Shareholder: Mr. Neil Graham**

Change is inevitable. The key question is, how do we invest in change and profit from it?

Improvements in the way we do things can provide great benefits, not just to society, but to those who are the instigators and early stage supporters of change. Simplistically, the greater the change, the larger the value to be derived, and therefore the greater the potential benefits to investors. The art of investment comes from identifying and backing change before it happens, and before everyone else can see that change has occurred.

LPL and its high pressure, composite pipe technology, Fluid Highway® is a global game changer in a market that has not had a significant change in the construction of pipelines for fluid distribution, water, gas, oil, liquids in 5,000 years. Our customers are actively seeking change that can address the myriad of issues that they face daily in using outdated pipeline technologies in modern applications. They need improvements in cost, time to construct, robustness, corrosion, and even something as simple as following contours and other operational benefits.

I have personally witnessed the change from metals to composites materials in other industries. I worked in the composites industry for 34 years and have established two ASX listed aerospace companies. Eagle Aircraft Australia Limited, which was listed in 1987 and was Australia's largest independent aerospace group at the time, had composite materials at the heart of its designs. In 2005, I founded and listed Quickstep Holdings Limited (QHL), which utilises a unique, patented process for manufacturing high performance, composite parts, primarily for the aerospace and defence industries. Through these companies, I have been involved in and to an extent driven the change from metals to composites, with the construction of the Eagle 150B composite aircraft in 1987 and then, as a contractor to Lockheed, the composite Joint Strike Fighter (JSF). I was also involved in the materials and process development for the Boeing Dreamliner and to an extent the Airbus A350. The JSF is the largest military fighter program in the world. The Dreamliner and A350 are now the most in demand, wide-bodied aircraft ever, resulting in massive profits for Boeing and Airbus. The change to composites in aerospace was calculated, predicted, demonstrated, inevitable once

started, unstoppable and is now irreversible. Composite construction is now the standard. No one will order a new metal aircraft in this size range ever again.



Through LPL, we are now once again driving the change from metals to composites, but this time the change is even greater, and we are the owner of the technology. LPL is delivering to the market the Fluid Highway®, which is a high performance, high pressure, composite alternative to the traditional fiberglass, steel and HDPE pipe.

Just like with the Dreamliner and the A350, you can easily predict the future cost savings and the benefits to the customer. Now that we have constructed the Fluid Highway® in the field, we can clearly demonstrate/prove these benefits.

### **So, what are the benefits of the Fluid Highway®?**

The Fluid Highway® is a global technology that will change fluid transportation forever. It is now demonstrated, proven and operational. The changes to the global pipeline industry as a result of our Fluid Highway® technology are numerous and can be summed up as follows:

- High corrosion resistance
- High strength to weight ratio
- Continuous process means fewer joints, fewer staff, faster installation
- Lower CAPEX and OPEX
- Low transport costs and easier, safer handling, through containerisation
- Greater production flexibility and short response times for delivery
- Pipes can be produced in any lengths: - short, medium, right up to continuous
- Pipe can be produced continuously along an easement, at a site batch plant, or in a factory, depending on client need and optimum economics
- Lowest CO2 emissions to produce and lowest environmental impact
- Ability to transport virtually any fluid, including highly corrosive fluids and highly permeable molecular hydrogen
- Cheaper and higher margins than traditional pipelines in our chosen market segments.
- Low labour/km

We have first mover advantage, global patent protection, there are substantial technology barriers to entry, and we, the major energy companies and world experts, are not aware of any similar products available globally

### **What is the pathway to profitability?**

We have a Memorandum of Understanding with a US pipe supply company that is scheduled to convert to contract in December, 2018 for production in 2019 . This development is more fully detailed in the Information Memorandum, but in summary provides us with accelerated entry into production in the US by mid-2019, together with an experienced local operator. We will initially target the market for disposal of waste water from shale oil and gas projects in the vicinity of Houston, but this exciting opportunity will also provide us with progressive access to the huge US pipeline markets. Our very conservative financial modelling suggests that with the pricing for pipes in the US market, we can generate very attractive margins and rapidly achieve positive cash flows.

As exciting as the US strategy is, it is important, not to overlook the other international market opportunities. Through our unique business model and the use of local partners, our expansion can be rapid, highly scalable, low risk and require low levels of incremental capital. We are considering opportunities in the Middle East, China, Poland and Indonesia.

### **Why should you invest?**

As we commence operations in the US, and start generating positive cash flows, we expect a rapid rise in valuation, an “inflexion point”, as the Fluid Highway® change is recognised by the global markets. This is expected to result in high capital growth and ultimately attractive dividends to shareholders. To realise this capital growth, we recognise the need to provide tradeable shares as soon as practicable and maximally beneficial to our investors. We are in discussions with brokers now for a potential ASX and or SGX listing on the way to NASDAQ or a trade sale once in production.

I commend the Information Memorandum to you, as it tells the story of LPL and the Fluid Highway® in much more detail. I urge you to read the details on the company and our projects so that you can appreciate the technology, the strategy, the low risk, production start in Houston and the size and breadth of the markets that we will be targeting for the company’s growth.

**Join us as LPL and the Fluid Highway® become a global game changer in fluid transportation.**



Neil Graham  
Co-Founder and Director, Long Pipes Limited