



**Phoslock
Environmental
Technologies**



ASX Announcement

25th May 2021

Chairman's address to the 2021 Annual General Meeting

As you are all aware, and as we have reported regularly to you, the past twelve months has been a period of massive upheaval due to the hidden fraud by a number of our personnel, exacerbated by the emergence of the global COVID pandemic, which curtailed or put on hold most of the water remediation programs around the world as government authorities devoted their time and funding to fighting the pandemic. This is largely still happening, although we are beginning to see a re-focus on remediation due to the extensive and resurging algae problem in the great majority of lakes, dams, canals and other water bodies around the world, aided and abetted by global warming. Mr McKinnon will discuss the current state of the market when he addresses you shortly.

In relation to the fraud perpetrated by a small number of individuals, you will understand that due to certain legal aspects of the as-yet unresolved investigations, we need to be constrained in what we say, so please understand the difficulties we are in as far as giving the fullest answers to your questions.

We will, however, continue to keep you updated on developments relating to this matter. As Mr McKinnon and Mr Krasnostein will further explain, any future decisions as to remedial or other compensatory processes will be considered in light of the cost of taking action versus the likely success and financial return. Where appropriate, relevant authorities are being or will be notified.

I can say, with confidence, that the extensive forensic examination of the fraud and other acts by those in the China operation has resulted in a clear understanding as to the extent of the monetary value of the losses, which account for close to \$2.2 million Australian Dollars. Other matters relating to breaches of China tax regulations and some criminal activity, are not yet fully resolved, but in monetary terms are not anticipated to be of significance.

While I share your disappointment and frustration about the matters in China, I am satisfied that our commitment to fully investigate those matters and to put appropriate changes in place to avert any repeat of these things has been the right response. The new management team, led by Lachie McKinnon, has been fully focused on addressing those issues and resetting the business to ensure it is more disciplined and professional. He is developing a culture of loyalty and accountability.

ASX Code: **PET**
Share Price: **A\$0.245**
52 Week High: **A\$0.58**
52 Week Low: **A\$0.19**
Issued Shares: **625.0m**
Market Cap: **A\$153.2m**

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BLOG on Water Issues:
www.phoslock.com.au

As I am retiring at the conclusion of the meeting, I will shortly hand over to Lachie and then to David. Before I do so, I want to thank you all for the faith you have shown in me and in the Company over the more than twelve years in which I have been a director and Chairman. I have been an investor in the company for more than 15 years. It was my great ambition to turn this wonderful totally environmentally friendly invention called Phoslock into a product that would protect the most valuable commodity on the planet-water. It has been a long and often most difficult road. Sadly, the past year has been the most difficult of all. But we are looking at new pathways, with a reconstituted and enthusiastic leadership and a planet never more in need of this product-and the expectations we have of new and equally beneficial products.

So, with regret that I am not handing over at a high, I am nevertheless pleased that I am leaving the Company in solid and experienced hands, and in excellent shape to meet the environmental challenges of the future.

This announcement has been approved by the Chairman and Managing Director

Laurence Freedman AM
Chairman

Mr Lachlan McKinnon
Managing Director and CEO

For more information please contact:

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ABOUT PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED (PET)

Phoslock Environmental Technologies Limited (ASX: PET) specialises in engineering solutions and water treatment products to remediate polluted lakes, rivers, canals and drinking water reservoirs.

Headquartered in Melbourne, PET has offices in Brisbane, Beijing, Bremen (Europe) and Manchester (UK). PET also has registered entities in Canada and the USA and manufacturing operations based in Changxing, China. PET is represented by licensees, distributors, and agents in ten other countries including SePRO Corporation in the United States and HydroScience in Brazil.

Phoslock® is a proprietary and unique water treatment product that permanently binds excess phosphorus in the water column and sediments.

Phoslock® is certified to be used in drinking water in North America, Europe, Brazil, Australia, and China. Along with Phoslock®, PET also supplies zeolites and specialised strains of bacteria that address water pollution issues.

For more information visit www.phoslock.com.au