



ASX Code: **PHK**

Share Price: **A\$0.025**

52 Week High: **A\$0.073**

52 Week Low: **A\$0.022**

Issued Shares: **258.9m**

Market Cap: **A\$6.5M**

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ASX ANNOUNCEMENT

30th October, 2015

Business Progress

Key Points:

- Major Brazilian project win - \$5 million of product to be provided over the next 12-15 months
- Cash flow positive for the quarter
- Additional substantial contracts imminent in South America and Europe

Highlights

During the quarter, a consortium in which PHK's Brazilian licensee is a major participant has been successful in an A\$10 million project to restore an urban lake in one of Brazil's largest cities. Phoslock is the largest component of the budget, with approximately \$5 million of product to be provided over the next 15-18 months. The project has been awarded following a two year public tender process. City authorities have publicly announced that the Phoslock-related consortium has won the tender and contracts have been drafted. It is expected that these will be signed shortly.

North America

United States

PHK's U.S. licensee, SePRO Corporation, has reported that sales have been strong in 2015 and are higher than in 2014. SePRO is expected to place further orders to increase inventories before the end of the year.

PHK and SePRO will participate in the North American Lake Management Society's Annual Conference and Exhibition in Saratoga Springs, New York, in November. This event is one of North America's most important events for managers of lake restoration. It is an ideal opportunity to illustrate Phoslock's ability to solve the problems of key decision makers in both the U.S. and Canada.

Canada

Additional product orders valued at more than A\$100,000 were received from customers in Canada during the quarter. Confirmation that Phoslock will be applied to an urban lake in Southern Alberta is also expected within coming weeks. This will be an A\$250,000 project and will commence as soon as the ice thaws in March-April 2016.

Work continues on other major projects in Canada, ranging from A\$1.5 million to A\$15 million.

Europe

A major, A\$500,000+ contract to be awarded to Phoslock Europe's licensee is imminent in Germany, together with orders from the Netherlands, the U.K. and Austria.

Further Projects expected to take place in the next quarter include the treatment of a large lake on an estate associated with one of England's most well-known stately homes and the treatment of a shallow urban lake in the Southern Netherlands.

Large projects valued at A\$400,000 or more are in the planning phases in Poland, Switzerland and the U.K. Several of these are likely to take place during 2016.

Australia

PHK completed several applications in Australia during the quarter, including a number of inner city lakes in Perth. Multiple orders from repeat customers have also been received for applications in the next quarter.

Large Projects

The Company is working on a total of Eight Large Projects (\$1m - \$100m) in Asia, South America, North America and Europe, excluding the Brazil project recently announced. Significant progress was made on several of the Large Projects during the quarter. Because many of these projects are for government or government authorities, the timing of approvals is beyond the control of the Company.

Financial Commentary

PHK was cash flow positive for the quarter. Net Operating Income (cash receipts less cash payments) was positive \$74,000.

Cash receipts for the quarter were \$359,000. Cash costs, excluding inventory purchases and interest, were \$285,000. As at the date of this report, debtors were approximately \$630,000 including a significant R&D Tax Concession payment due shortly. Trade Creditors at the same date were approx. \$350,000 mainly comprising inventory purchases from the factory to meet contracted sales.

During the September quarter, three repayments in PHK shares were made under the Convertible Security to The Australian Special Opportunity Fund, LP, a New York-based institutional investor, managed by The Lind Partners, LLC.

The October repayment was made in cash. This is the first loan repayment not to be paid in shares.

As at the date of this report, the balance of Convertible Security is now repayable in eight monthly payments of \$76,667 (total of \$613,336) in either PHK shares or cash, at PHK's option. Subject to future cash flow it is the Company's preference to repay in cash in future.

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PHOSLOCK WATER SOLUTIONS LIMITED (PHK)

PHK produces *Phoslock*, a patented technology which was developed by the Commonwealth Scientific and Industrial Research Organisation (“CSIRO”). PHK has lodged a subsequent patent application to protect the core Phoslock technology which is in an advanced stage of being granted in approx. 50 countries, with the intention of extending the core *Phoslock* technology until 2033.

PHK is headquartered in Sydney, Australia and has offices in Brisbane, Sichuan, China and Bremen, Germany covering Europe and South America. PHK is represented by licensees and agents in ten other countries including SePRO Corporation in the United States.

Phoslock is a certified NSF/ANSI Standard 60 product - North American Drinking Water (see websites ansi.org and scc.ca). This certification enables Phoslock to be applied to water bodies used for human consumption.



Phoslock Water Solutions Ltd. is listed on the Australian Stock Exchange (ASX Code: PHK).

For more information about Phoslock Water Solutions and *Phoslock* please visit our websites: www.phoslock.com.au or www.phoslock.eu (Spanish, Italian, Dutch and German) or www.phoslock.com.br (Portuguese) or www.phoslock.com.cn (Chinese)

ABOUT PHOSLOCK – the Product

Phoslock is a unique water treatment product that binds phosphorus in water bodies such as lakes and dams. It provides a protective permeable layer to sediments, permanently preventing the re-release of phosphorus.

Retention of phosphorus reduces the level of algae by depriving it of nutrients. This in turn improves water quality, both for human use and aquatic life as well as preventing and controlling Harmful Algal Blooms (HAB).

Phoslock is primarily used as an in-water solution for lakes, drinking water reservoirs and other recreational water bodies. It is also used as a preventative product to absorb phosphorus before it is transported into water bodies by being applied in storm water basins and inflow channels, rivers and canals.

Phoslock is approved for use in North American Drinking Water Reservoirs via NSF/ANSI Standard 60 Certification. **This certifies that *Phoslock* is safe for use in drinking water.**

Phoslock has been used on many of high profile water bodies in Europe/UK, North America and Australia. To date over 250 initial and follow-up applications have been successfully made.

Over 30 peer reviewed scientific and technical papers, have been published on Phoslock in leading scientific journals. For access: www.phoslock.com.au