

ASX ANNOUNCEMENT

Wednesday 11 December 2019

Lake Dianchi – New Project Area

PET China is commencing work in early 2020 on a new project area - Lake Dianchi and its catchment.

Lake Dianchi is one of the three most important lakes in China (Dianchi, Chaohu and Taihu). It is the largest of nine Yunnan alpine lakes. It adjoins Kunming city, the capital of Yunnan province, with a population of 7 million.

The Dianchi Lake Catchment Area is 2,920 km², with Lake Dianchi being 330 km² (33,000 hectares). Lake Dianchi, is some ten times the size of Xingyun lake and around six times larger than Sydney Harbour.

PET China is currently applying 3,300 tons of Phoslock[®] to Xingyun's river channels and wetlands. This current stage of the Xingyun project should be completed by or shortly after, the end of 2019.

Commissioned by the Dianchi Lake Authority, PET China has designed an initial program, consisting of water quality improvement for the Shilongba Reservoir (total storage capacity of 3.94 million cubic metres) in the Dianchi Lake Catchment Area. The initial plan is to apply Phoslock[®] and Engineering Services within the Dianchi Lake Catchment area. Applications will take place over the next two to three months. The program will be monitored by Yunnan provincial government officials.

The plan is that the Shilongba Reservoir project will accumulate knowledge for the management of Lake Dianchi itself and its catchment areas. Following this initial program, advanced work is to be undertaken progressively in the Dianchi Lake Catchment Area and then to Lake Dianchi.

Presently it is difficult to determine precise tonnages to be applied. However, given the size of the lake and its catchment area and its well-documented water quality problems, the tonnages will be significant and will spread over a number of years.

Mr Zhigang Zhang, PET Deputy Chairman commented;

"We have over the past two years, been successful in gaining a number of significant long-term projects in China - Xingyun Lake and the Dianchi reservoir trial project announced today, both in the Yunnan lakes plateau area; the South Lake and the East Lake in the Yangtze River Basin; and Beijing Canals.

Share Price: **A\$0.75**

52 Week High: **A\$1.60**

52 Week Low: **A\$0.32**

Issued Shares: **565.0m**

Market Cap: **A\$423m**

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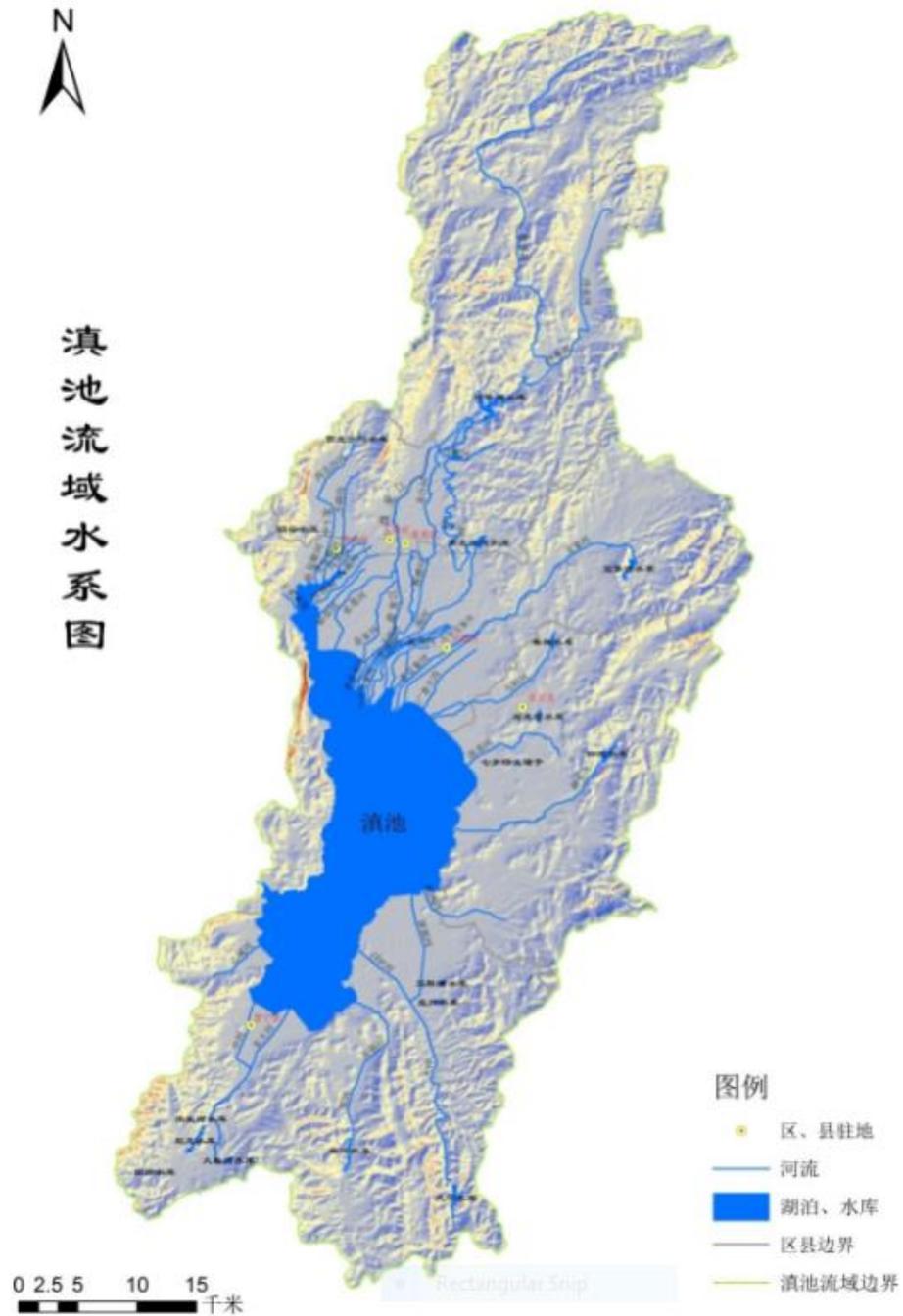
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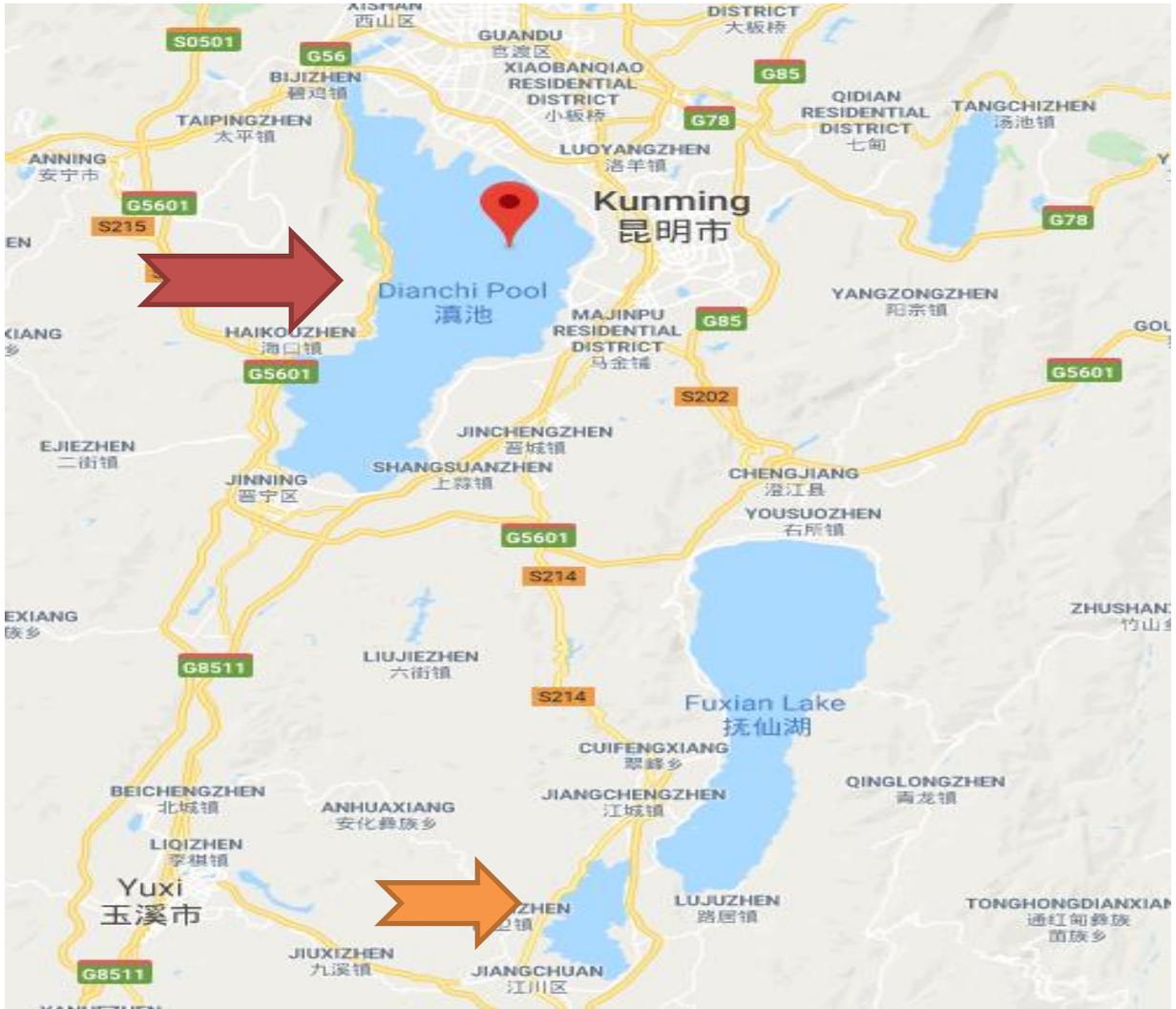
PHK BLOG on Water Issues:

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'This means we have a wide and substantial spread of different representative projects across China. It is important to note that the projects include, not only widespread applications of Phoslock[®], but large engineering projects, which is a fast growing and increasingly important factor in PET's future growth'.



Dianchi Lake (330 km²) and Dianchi Catchment Area (2,920 km²)



Lake Dianchi (330 km²) Red Arrow; Lake Xingyun (34 km²) Orange Arrow





Aerial view of major section of Lake Dianchi - 330 km² in area; 39 km from north to south; 8 km east from west.

Mr Laurence Freedman AM
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PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED (PET)

Phoslock Environmental Technologies Limited is listed on the Australian Stock Exchange (ASX Code: PET).

Phoslock Environmental Technologies Limited (ASX: PET) is an international environmental company specialising in engineering solutions and water treatment products to remediate polluted lakes, rivers, canals and drinking water reservoirs.

PET has its headquarters in Sydney, Australia with offices in Brisbane, Beijing & Changxing, China; and Manchester, UK. PET is represented by licensees, distributors and agents in ten other countries including SePRO Corporation in the United States and HidroScience in Brazil. PET has a number of marketing and co-operation agreements in China with various environmental companies and government agencies.

In 2017 Phoslock (Beijing) was formed to help remediate the massive Chinese algae and water pollution problem. This 100% owned subsidiary undertakes design, engineering, and implementation of rivers, canals, reservoirs and lakes, along with construction of wetland areas. The significant broadening of the historical PET business allows for work on a greatly increased array of projects both in China and elsewhere.

PET owns the patent for Phoslock[®], a unique water treatment product that permanently binds excess phosphorus in the water column and sediments. This in turn inhibits the growth of Harmful Algal Blooms (HAB) that lead to detrimental effects to both aquatic and human life.

Phoslock[®] is certified to be used in drinking water in North America, Europe, UK, Brazil, Australia and China.

Along with Phoslock[®] PET also supplies:

- 1) Zeolites - a porous, natural material that can be applied to heavily polluted water to absorb nutrients such as nitrogen. Nitrogen is an important food source for the growth of harmful algae.
- 2) Bacteria. - Specialised types of bacteria can break down contaminants and organic matter that pollute water and cause human and water-borne diseases.

PET has a large multi-purpose factory in Changxing, Zhejiang province, China, 150km inland from Shanghai, which manufactures its patented technology, Phoslock[®], along with nutrient binding materials zeolites and bacteria. It also has an engineering and physical water management division.

The Changxing Factory recently received ISO accreditation from TUV Rheinland, a German engineering accreditation agency for:

ISO 9001 – Quality Control and Documentation Certification;
ISO 14000 – Environmental Management Standards Certification; and
OSHA 18000 - Health and Safety Management Systems.

PET has secured the exclusive global licence to manufacture, sell and distribute a unique new product which, after removing phosphorus from polluted water, can be reused. PET has established a development team to advance the product to full commercialisation. It is anticipated that commercial quantities of the new product will be available by mid-2020.

For more information on the company, recent news and blogs, please visit our website:

www.PHOSLOCK.com.au