



Phoslock Water Solutions Ltd.
ABN 88 099 555 290

ASX ANNOUNCEMENT

Wednesday 4th April, 2007

Business Update

PWS recorded cash receipts from sales of approx A\$500,000 for Q1 2007. This result reflects the continued growth in sales revenues.

During this period PWS completed the major treatment of Lake Torrens in Adelaide, SA.

PWS is currently treating a major drinking water reservoir on the south coast of NSW. The revenue for this application will be recorded in Q2 2007.

These two applications represent the largest domestic projects completed to date with a total of 100 tons applied. Revenues for Q2 2007 are expected to exceed those recorded for the March quarter.

PWS has also recently completed the treatment of its first drinking water reservoir in the United Kingdom.

PWS's pipeline of future applications continues to build strongly.

Australia

The number, size and significance of applications have increased in this period and this trend is likely to continue into the next quarter.

The Torrens River application has met all short term expectations of the client and provided control of the blue green algae that threatened to disrupt a number of significant events in Adelaide. A long term monitoring program is in place to provide further information on water quality and catchment control implications.

Approval for a major lakes application in Western Australia has recently been received. This project will be undertaken during Q2.



ASX Code: PHK
Share Price: A\$0.35
Issued Shares: 147.2m
Market Cap: A\$51.5m
Unlisted Options: 29.2m

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International

PWS's business in the United Kingdom has gained significant momentum, with 10 meaningful applications completed in Q1 and a solid schedule of applications for Q2. The largest of these was for a water authority's drinking water supply reservoir. This is being closely monitored by other authorities and regulatory agencies as the adverse impacts of high phosphorus levels are already being experienced in a number of reservoirs.

On continental Europe, the positive results for applications completed in 2006 have provided a strong base for PWS's licensees to market from. A number of mid sized lakes are scheduled to be treated with Phoslock in Q2.

PWS and its licensees are also progressing a number of mid to large sized application opportunities in Canada, Italy, Middle East, South Africa, Malaysia and Korea.

Aquaculture

Since our last announcement on 27 February, 2007 the first full prawn trials in Indonesia have been completed. The results were very positive and in line with PWS's expectations. The Phoslock ponds outperformed the non-Phoslock ponds in both average size per prawn and in three of the four ponds, by total weight. Both Indonesian prawn farmers who trialled Phoslock were very pleased with the Phoslock results and intend to buy it commercially.

PWS is working with prawn farmers to establish the optimal Phoslock application rates and timing of applying the Phoslock to the ponds. Trials are continuing at eight prawn farms in Indonesia and will shortly commence at one of the largest commercial prawn farms in Malaysia. Phoslock is also being used at a Queensland prawn farm to regulate growing conditions in their ponds.

Liquidity

As at 3 April, 2007 PWS had current assets of approx \$5m made up of cash (A\$2.7m), inventory – at cost (A\$1.2m), debtors and other receivables (A\$1.1m).

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