

## Business Update

Tuesday 29 July, 2014

### Key Points:

- **Over 200 successful applications completed worldwide**
- **Commonwealth Games lake application successfully completed**
- **Pipeline of new projects growing**
- **First applications of Phoslock to water bodies in Alberta, Canada**
- **Significant progress made on large potential projects in Asia & South America**

ASX Code: **PHK**  
Share Price: **A\$0.03**  
52 Week High: **A\$0.083**  
52 Week Low: **A\$0.025**  
Issued Shares: **239.6m**  
Market Cap: **A\$7.2m**

Address:  
Suite 403  
25 Lime Street  
Sydney NSW 2000

P: +61 2 8014 7611  
F: +61 2 8014 7625

[www.phoslock.com.au](http://www.phoslock.com.au)  
[www.phoslock.eu](http://www.phoslock.eu)

During the June quarter, Phoslock Water Solutions Limited (ASX:PHK) undertook its first ever applications in Alberta, Canada, and completed several projects in Europe, including a second application of Phoslock to Strathclyde Loch, the venue for last week's Triathlon events at the Glasgow 2014 Commonwealth Games.

## Business Update

Over 200 successful applications have now been completed worldwide including Australia, New Zealand, United States, Canada, Brazil, United Kingdom, Germany, Holland, Poland, Italy, Finland, South Africa, China, South Korea, Indonesia, Malaysia and Singapore.

Over 20 peer reviewed technical papers, authored by leading academics, have been published in leading scientific journals on Phoslock .

## Europe

### Glasgow Commonwealth Games

A second application of Phoslock to Strathclyde Loch in Scotland was undertaken in late June. Strathclyde Loch was the venue for the triathlon at the Glasgow 2014 Commonwealth Games. The treatments have resulted in excellent water quality and Games organizers are reported in the media to be delighted with the results.



*Triathlon start at Glasgow Commonwealth Games*

Bentophos, our German licensee, completed a number of new and repeat applications to several lakes in Germany. Bentophos and PHK Europe advise that they have a number of sizeable advanced lake projects in their pipeline covering Germany, Austria and Switzerland. PHK Europe also undertook an application to a project in Italy during the quarter.

## **North America**

PHK completed its first applications in Edmonton, Canada, during the quarter when Phoslock was applied to two city lakes. The local authorities are looking to reduce the use of chemical herbicides and algaecides which are currently applied regularly in the Province. Since the applications of Phoslock, algal growth has been substantially reduced, with the result that PHK's customers in the Province are expected to place further orders.

PHK continues to make good progress on a number of major Canadian projects. In addition to Alberta, PHK has broadened its Canadian marketing programme with recent meetings in British Columbia, Quebec and Ontario. As a result of these and earlier efforts, Phoslock is currently under consideration as a measure to control internal phosphorus loading in four major Canadian projects, several of which are expected to be undertaken during the next 6-12 months. The total quantity of product required for these applications would be more than 1,000 tonnes.

In the United States, PHK licensee, SePRO Corporation, continues to develop the Phoslock business. During the quarter they completed a number of projects. PHK delivered two shipments to SePRO during the quarter totalling 105 tons.

## **Australia**

PHK completed a number of applications in Australia during the quarter. PHK received a sizeable order for a September application to a lake system which it is applying to on an annual maintenance basis, to ensure that the water quality is maintained in a high usage inner city lake.

## **Asia and South America**

The Company continues to work on major projects in Asia and South America. The potential size of both these projects is material in both volume of product and monetary value.

Marketing in South Korea and Vietnam has resulted in advanced technical discussions taking place with the expectation of applications in both countries this calendar year.

## **Manufacturing Facility in China**

PHK's manufacturing facility has recently completed further upgrades to increase both product capability and reliability. The manufacturing facility has also undertaken several audits to ensure compliance and maintain various industry certifications.



*Administration Block & Factory, Primet, Sichuan, China*

## **Financial Commentary**

Cash receipts for the quarter were \$428,000. Cash costs, excluding inventory purchases plus interest was \$498,000.

As at 30 June, 2014 the Company had cash and short term assets totalling approx \$900,000 of which \$302,000 was cash, \$400,000 debtors and the remainder in inventory.

The General Meeting on 18 July, 2014 approved the extension of the Maturity Date of the A\$1.3m Convertible Notes to 30 June, 2016.

### **For more information please contact:**

#### **Mr Robert Schuitema**

Managing Director

P: + 61 2 8014 7611

E: [enquiries@phoslock.com.au](mailto:enquiries@phoslock.com.au)

#### **Mr Laurence Freedman**

Chairman

P: + 61 2 8999-1999

## **ABOUT PHOSLOCK WATER SOLUTIONS LIMITED (PHK)**

PHK owns the worldwide exclusive rights for the sale and marketing of Phoslock, a technology developed by the Australian government scientific body CSIRO. Phoslock removes phosphorus and harmful contaminants and has been applied in over 200 water bodies and used in over 20 countries since it was commercialised in 2005.

Phoslock is headquartered in Sydney, Australia and has offices in Brisbane, Sichuan, China and Bremen, northern Germany. Phoslock 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](http://ansi.org) and [scc.ca](http://scc.ca))

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

For more information about Phoslock Water Solutions visit the following websites:

[www.phoslock.com.au](http://www.phoslock.com.au)    **English**

[www.phoslock.eu](http://www.phoslock.eu)            **German, Dutch, Italian, Spanish & English**

[www.phoslock.com.br](http://www.phoslock.com.br)    **Portuguese**

[www.phoslock.com.cn](http://www.phoslock.com.cn)    **Chinese**

## **ABOUT PHOSLOCK – The Product**

Phoslock is a unique water treatment product that permanently binds phosphorus in water bodies and creates a light covering over sediments preventing its re-release of phosphorus. By binding the phosphates to the Phoslock clay structure, algae are deprived of nutrients and die off. This action significantly 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 high value recreational water bodies. It is also used as a preventative product to absorb phosphorus before it is transported into water bodies by being applied to storm water basins and inflow channels, rivers and canals.

Phoslock is approved for use in North America under NSF/ANSI Standard 60 Certification. This certifies that Phoslock is safe for use in human drinking water.

Phoslock is also used by the aquaculture industry (fish and shrimp/prawn) to control phosphorus levels in grow-out ponds and eliminate harmful algae blooms (HAB) and blue green algae.

## **PHOSLOCK BOARD OF DIRECTORS**

### **Mr Laurence Freedman AM Non-Executive Chairman**

Mr Freedman was appointed a Director of PHK in October, 2010 and appointed its Chairman in March 2011.

Mr Freedman has a long history of involvement and expertise in public companies with international trading and investment activities. He began his career with the Gold Fields Group: initially an analyst, he rose to Director of Group companies. He later joined BT Australia as Manager, Investments.

In 1980 he founded Equitilink Limited, an investment management group which he grew to a global company with operations around the world and over \$3 billion under management. He held Chairman and/or Director positions in a number of public and private companies in Australia, the United States, the United Kingdom, Canada, New Zealand and Taiwan.

He was a member of the syndicate which bought the Ten Network, of which he became a director, taking it out of receivership and helping to make it the most profitable media network in Australia for some years.

In 2000 he sold the Equitilink Group and in 2004 sold out of the Ten Group.

He currently manages his private investment portfolio of international shares, property and fixed income securities. He is a mentor to a number of resource, biotech and technology companies.

He is Chairman of The Freedman Foundation, a philanthropic foundation funded by the Freedman family, which assists and supports young Australians in many areas of endeavour. The Foundation also finances a broad range of medical and scientific programs and organisations.

In 2001 he was awarded The Order of Australia for service to the community, to medical research, the arts, and to business and investment in Australia.

### **Mr Robert Schuitema Managing Director and Company Secretary**

Mr Schuitema was appointed a Director of PHK in April 2005, and shortly thereafter assumed the role of Executive Chairman. In January 2007, he took over the role of Managing Director, and at the same time stepped down as Chairman.

Mr Schuitema brings to PHK a wide range of business and commercial skills. In addition to the daily responsibilities of running the business globally, he is responsible for investor relations, stock exchange listing and capital raisings.

Mr Schuitema is a former Managing Director of investment bank Chase Manhattan Bank and later JPMorgan Chase where he was global co-head of the Mining & Metals group and responsible for the Asia-Pacific region and also had extensive involvement in the bank's southern Africa business. He has extensive experience in a range of investment banking disciplines including commodity derivatives, equity issues, project finance for standalone projects, US\$ bond issues, trade finance, acquisition finance and mergers & acquisition advise.

Mr Schuitema has served on the boards of three other ASX companies over the last few years.

**Honorable Pam Allan**  
**Non-Executive Director**

The Hon. Pam Allan was appointed a Director of PHK in July 2007.

She was a Member of the NSW Parliament for 18 years to 2007. She was Minister of Environment 1995-1999 and Chair of a number of parliamentary committees including Salinity and Resource Management.

The Hon. Pam Allan was elected to the Parramatta City Council in 1983. In 1988 she was elected to the New South Wales Legislative Assembly for Wentworthville and then for Blacktown in 1991 and 1995. In 1999 and again in 2003 she was elected the Assembly's member for Wentworthville.

The Hon. Pam Allan became the Shadow Minister Planning & Environment 1988-1995, Minister of Environment 1995-1999, Chair for Select Committee on Salinity 2000-2002, the Chair, Standing Committee on Natural Resource Management from May 2003. She retired at the March 2007 election.

The Hon. Pam Allan currently serves on a number of local government bodies and authorities.