



Phoslock Water Solutions Ltd.
ABN 88 099 555 290



ASX ANNOUNCEMENT

Wednesday 21st April, 2010.

APPENDIX 4c

PWS's 4c quarterly cashflow statement for the period 1 January 2010 to 31 March 2010 has been lodged with the ASX. The quarter was one of high activity for PWS with a number of river and lake applications completed in Australia, Europe, China and South East Asia.

Cash receipts for the quarter were \$420,000. A large sale receipt of \$330,000 from Canada which was scheduled to be received in March was not received until early April. This would have taken cash receipts for the quarter to \$750,000, the highest by the company to date.

Operating expenses (defined as cash payments for normal operational requirements – salaries, rents, travel, marketing, legal & accounting, listing costs, general expenses) was \$616,000 for the March quarter. This was in line with budget. PWS spent an additional \$435,000 on increasing inventory levels plus costs associated with shipping inventory to storages in Europe, North America and Asia.

Business Update

Europe

A 25 ton application was completed on a Scottish loch during the quarter while several smaller applications totalling 15 tons are scheduled to take place in Germany and Poland in coming weeks. Decisions on a further 13 applications are currently pending in Germany, the U.K., Poland, the Netherlands and Denmark. If confirmed, these applications are all expected to take place during the balance of 2010 and require a total in excess of 400 tons. Since the beginning of the year, Phoslock Europe has also received two major retail orders valued at more than A\$60,000. A major aquarium and pond company based in Germany is distributing Phoslock under its own brand name in retail sized packaging and selling through over 3,000 retail outlets in five European countries.

Trials are currently underway on three major projects in Europe each in excess of 2,000 tonnes.

ASX Code: **PHK**
Share Price: **A\$0.098**
Issued Shares: **186.5m**
Market Cap: **A\$18.2m**
Unlisted Options: **23.6m**

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South East Asia

A trial in a major South East Asian city on an urban canal and urban drinking water reservoir is going well. Investigations are currently underway for a large application to a reservoir in the middle of this year.

China

During the March quarter PWS undertook a 12 ton trial application in Tianjin with a well known water technical institute based in Tianjin. The results from this trial have been extremely positive. The results have already been formally announced by our Chinese partner and have generated significant domestic interest.

PWS has recently received a second order for a separate Phoslock trial in the Tianjin region for another project with a different entity.

PWS is also working with a large construction / environmental company in central China on several very large lake remediation projects (greater than 1,000 tons per project). Our Chinese partner is very well credentialed and approached PWS as it requires a lake remediation product for projects that it is working on. We expect to sign a co-operation and licensing agreement in the near future to progress these applications.

PWS has recently entered into a co-operation agreement with a second Chinese specialist lake and river remediation company which deals with small and medium sized water bodies.

United States

Enquiry for the use of Phoslock on rivers, lakes and reservoirs in the United States is very high. PWS is working with a number of experienced lake management companies with good reputations in California, Colorado, Washington/Idaho, the North East region and Florida on near term applications. One of these lake management companies has just been awarded the contract for maintaining the lake water quality in one of the counties near Los Angeles. They will be applying Phoslock to several of the lakes that are included in their contract over the coming months. These will be the first commercial applications in the USA. This company has also nominated Phoslock for use in three lake restoration projects in southern California which are listed on the federal government remediation list and have funding already allocated. Each lake project will require in excess of 1,000 tons of Phoslock.

There have been major legislative changes related to product usage which puts Phoslock in a great position to be used on a number of very advanced projects throughout the United States. Phoslock has revised its website to provide a USA only section. This enables Phoslock to comply with environmental licensing regulations with restricted claims.

Canada

Apart from the most recent large order received and paid by a large lake authority in Ontario, a second proposal for a 60 ton for application in August has been submitted and is awaiting council approval. PWS is working on a further large 100 ton application which, if approved, will take place in September.

Brazil & Mexico

The first Phoslock project in Brazil has been confirmed following the awarding of a tender to treat a lagoon at a water treatment plant in the State of Espiritu Santu to a company proposing a Phoslock based solution. An initial shipment of 10 tonnes is scheduled to be made within the next few weeks. PWS is also in discussions with authorities in Mexico relating to the use of Phoslock on a large drinking water reservoir outside the capital.

Aquaculture

PWS has made a number of smaller sales to aquaculture companies for use in managing phosphorus in growing ponds. The results have been very good. PWS is in discussion with a well credentialed party to introduce Phoslock into selected Asian countries for use in aquaculture ponds.

Cashflow & Liquidity

PWS maintains a solid liquidity position. As at the date of this announcement PWS had net current assets of A\$2.6m. PWS's trade creditors are currently less than A\$0.02m.

For more information please contact Mr Robert Schuitema; Managing Director on (02) 9453 0455