

## Quarterly Report - September 2013

Thursday 31<sup>st</sup> October, 2013

### Key Points:

- **Cash flow positive quarter**
- **Significant progress with large potential projects in Asia and South America**
- **Two tenders totalling 1,500 tons submitted at the end of the quarter; decisions imminent**

ASX Code: **PHK**  
Share Price: **A\$0.052**  
52 Week High: **A\$0.065**  
52 Week Low: **A\$0.038**  
Issued Shares: **239.6m**  
Market Cap: **A\$12.5m**

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During the September quarter, Phoslock Water Solutions Limited (ASX:PHK) completed five applications totalling over 100 tons and submitted two tenders for projects totalling 1,500 tons. Decisions on both tenders are very imminent with work to commence on the applications immediately after the award of the tenders and contract signing.

## Business Update

### Europe & North America

During the quarter a number of smaller applications were undertaken in the United States and Europe. Significant work was undertaken by the Phoslock Europe team during the quarter on submitting detailed tender submissions.

Significant progress was made during the quarter on a number of projects in the sales pipeline. Major projects are expected to be completed in the coming months in the United Kingdom, Germany, Switzerland, Canada and the United States, each with a total project value in the A\$100,000 to A\$500,000 range.

This week PHK and several of its licensees are participating in the North American Lake Management Society's annual symposium in the United States. This event is North America's paramount event for government officials and professionals involved in lake management and restoration and will be attended by more than 500 professionals from the United States, Canada, Mexico, Europe & South America.

## **Australia**

PHK completed two projects in Western Australia during the quarter totalling 75 tons. Both projects have previously been dosed with Phoslock and these were top-up applications to absorb new inflows of phosphorus.

## **Asia and South America**

The Company continues to work on two major projects in Asia and South America. Material progress was made on the Asian project with several high level meetings held. The potential size of both these projects is material in both volume of product and monetary value.

## **Financial Commentary**

Receipts from customers and government grants amounted to \$609,000 for the September quarter. Receipts included revenue for applications in the United Kingdom, Canada, the United States and Australia.

Expenditure for the quarter was \$517,000 (excluding interest and inventory costs). The expenditure was lower than the previous quarter. Net Operating Cash Flow (NOCF) for the quarter was A\$14,000.

The group cash balance was \$488,000 as at 30 September, 2013. The Company holds approx. \$400,000 of inventory at current resale prices and debtors of approximately \$300,000.

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

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### **Mr Laurence Freedman**

Chairman

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

PHK has worldwide exclusivity 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, Kunming, China and European Operations (covering Europe, Central & South America) near 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 [www.phoslock.com.au](http://www.phoslock.com.au) or [www.phoslock.eu](http://www.phoslock.eu)

## **ABOUT PHOSLOCK – The Product**

Phoslock is a unique water treatment product that binds phosphorus from a water body and provides a protective permeable layer to sediments preventing the re-release of phosphorus. Retention of phosphorus deprives algae of nutrients, which improves water quality 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 in storm water basins and inflow channels, rivers and canals.

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

Phoslock is now 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. These have a deleterious effect on the health of aquatic life.

## **PHOSLOCK BOARD OF DIRECTORS**

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

Mr Freedman was appointed a Director of PWS in October, 2010 and became 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.

He is also Chairman of ASX listed company KalNorth Gold Mines Limited (formerly called Carrick Gold Limited).

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

Mr Schuitema was appointed a Director of PWS 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 PWS a wide range of business and commercial skills. In

addition to the daily responsibilities of running PWS businesses globally, he is responsible for investor relations, stock exchange listing and capital raisings. Mr Schuitema is also a Director of PWS' Joint Venture manufacturing company in China, IETC.

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 is a Director of ASX listed company KalNorth Gold Mines Limited (formerly called Carrick Gold Limited) and previously a Director of Electro-Optical Systems Limited and Inca Copper & Gold Limited (formerly called Condor Metals Limited).

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

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

The Hon. Pam Allan is a former Member of the NSW Parliament for 18 years (retired in March 2007) where she was Minister of Environment (1995-99) 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, serving a four year term. 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 2003 she was once again 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 as the member for Wentworthville at the March 2007 election.

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