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Phoslock Water Solutions Ltd.
ABN 88 099 555 290

ASX ANNOUNCEMENT

Tuesday 17th April, 2007

Rotorua Lakes Restoration Press Release

PWS wish to draw the market's attention to the attached press release, published in a recent edition of New Zealand's Daily Post newspaper. The article, details a plan to spend NZ \$200m on Rotorua lakes restoration projects, including NZ \$12m, allocated specifically for the use of Phoslock and a further NZ \$32m for other sediment treatments.

Phoslock's inclusion in the restoration program follows successful applications of Phoslock to Lake Okareka in August of 2005 and June 2006.

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Council to pay half of \$200m bill for lakes

By KRISTIN MACFARLANE

FIXING Rotorua's lakes has come with a \$200 million wish-list.

The Rotorua District Council has committed to spending \$100 million on projects to improve the health of the region's lakes while Environment Bay of Plenty will provide \$46 million and will ask the Government for the remaining \$54 million it's estimated will be required.

Over the next 20 years, the district council plans to spend \$100 million on major sewerage and reticulation systems for lakeside communities.

Some of Environment Bay of Plenty's planned actions are already under way, including the \$11 million Ohau Diversion Wall in Lake Rotoiti.

The Government has pledged \$4 million towards that.

The regional council has pledged a total of \$46 million towards projects

and initiatives to improve lake water quality and will look to the Government to fund the other \$54 million.

Money is needed for establishing wetlands, land use management, reducing nutrients flowing into the lakes, looking at diverting the Tikitere and Hamurana spring flows away from Lake Rotorua and putting phoslock into lakes to reduce the likelihood of algal blooms.

The projects are aimed at improving water quality in lakes Rotorua, Rotoiti, Okaro, Rotoehu, Tarawera, Rerewhakaaitu, Okareka and Tikitapu.

"We've been pretty optimistic. Long-term we believe we can make a difference," Rotorua lakes project coordinator Paul Dell said.

"All these necessary projects will bring a lot of change."

Mr Dell is confident getting government funding for lakes projects is a step closer.

A memorandum of understanding is to be signed next week by the district council, regional council, Te Arawa Lakes Trust and the Crown.

The signing would establish a working relationship with the Government and the Rotorua Lakes Strategy Group, Mr Dell said.

"They're recognising the need to be involved."

Environment Bay of Plenty chairman John Cronin said while the memorandum did not commit the Government to a specific amount, it was an assurance of help to fund lakes projects.

Minister of Environment David Benson-Pope will be in Rotorua on Wednesday for the signing.

THE COST

■ Lakeside sewage and reticulation	\$100m
■ Sediment treatment	\$32m
■ Hamurana diversion	\$16m
■ Land-use options (variable)	\$15m
■ Phoslock	\$12m
■ Ohau Diversion Wall	\$11m
■ Wetlands (variable)	\$3.7m
■ Tikitere treatment	\$2m
■ Weed harvesting (variable)	\$500k-\$1m
■ Flocculant water treatments	\$800k
■ Other treatment	\$400k
■ Riparian plantings (variable)	\$100k