

ASX ANNOUNCEMENT

Tuesday 16th June 2020

PET concerns over secondary global outbreak of Covid-19

The Board of PET today announces that due to new outbreaks of Covid-19 in several countries but particularly in China and the US we are adopting an extremely cautious attitude to our short-term forecasts. While no projects have been cancelled – and, in our opinion, are unlikely to be affected in size or scope, there are concerns that, in the event of substantial secondary outbreaks, some projects will be delayed in order for governments to deal with more immediate health problems.

Accordingly, we are reducing our short-term revenue expectations for the remaining six months of this year. We are now forecasting a revenue range of \$30 – 40 million for full year 2020. While this is a substantial reduction over our previous forecast range, if achieved it would result in a sales increase of approximately 40%, at the midpoint, over last year.

It is to be stressed that we are continuing unchanged with our plans to substantially increase our production capacity; final determinations are being made to supply contracts for the building of the new production facility which will have an initial capacity of 20,000 tpa with the ability to double that quickly as required.

Management is keen to keep the market fully informed of all business activities and to take a conservative approach in these uncertain times. Material changes to forecasts over the weekend prompted this revision.

The Company's Balance Sheet remains strong with \$35 million in cash and \$16 million in receivables from primarily government bodies.

Managing Director Lachlan McKinnon stated:

"It is important to note that PET remains in a very exciting position with a strong balance sheet and extraordinary global opportunities.

"Phoslock® remains the prime product for remediation of algae in water around the world".

This announcement has been approved by the Chairman and Managing Director

Laurence Freedman AM
Chairman

Mr Lachlan McKinnon
Managing Director and CEO

For more information please contact:

ASX Code: **PET**

Share Price: **A\$0.455**

52 Week High: **A\$1.60**

52 Week Low: **A\$0.29**

Issued Shares: **625.0m**

Market Cap: **A\$284m**

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PHK BLOG on Water Issues:

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PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED (PET)

Phoslock Environmental Technologies Limited is listed on the Australian Stock Exchange (ASX Code: PET).

Phoslock Environmental Technologies Limited (ASX: PET) is an international environmental company specialising in engineering solutions and water treatment products to remediate polluted lakes, rivers, canals and drinking water reservoirs.

PET has its headquarters in Sydney, Australia with offices in Brisbane, Beijing & Changxing, China, and Manchester, UK. PET is represented by licensees, distributors and agents in ten other countries including SePRO Corporation in the United States and HidroScience in Brazil. PET has several marketing and co-operation agreements in China with various environmental companies and government agencies.

In 2017 Phoslock (Beijing) was formed to help remediate the massive Chinese algae and water pollution problem. This 100% owned subsidiary undertakes design, engineering, and implementation of rivers, canals, reservoirs and lakes, along with construction of wetland areas. The significant broadening of the historical PET business allows for work on a greatly increased array of projects both in China and elsewhere.

PET owns the patent for Phoslock[®], a unique water treatment product that permanently binds excess phosphorus in the water column and sediments. This in turn inhibits the growth of Harmful Algal Blooms (HAB) that lead to detrimental effects to both aquatic and human life.

Phoslock[®] is certified to be used in drinking water in North America, Europe, UK, Brazil, Australia and China.

Along with Phoslock[®] PET also supplies:

- 1) Zeolites - a porous, natural material that can be applied to heavily polluted water to absorb nutrients such as nitrogen. Nitrogen is an important food source for the growth of harmful algae.
- 2) Bacteria. - Specialised types of bacteria can break down contaminants and organic matter that pollute water and cause human and water-borne diseases.

PET has a large multi-purpose factory in Changxing, Zhejiang province, China, 150km inland from Shanghai, which manufactures its patented technology, Phoslock[®], along with nutrient binding materials zeolites and bacteria. It also has an engineering and physical water management division.

The Changxing Factory recently received ISO accreditation from TUV Rheinland, a German engineering accreditation agency for:

ISO 9001 – Quality Control and Documentation Certification.

ISO 14000 – Environmental Management Standards Certification; and

OSHA 18000 - Health and Safety Management Systems.

PET has secured the exclusive global licence to manufacture, sell and distribute a unique new product which, after removing phosphorus from polluted water, can be reused. PET has established a development team to advance the product to full commercialisation. It is anticipated that commercial quantities of the new product will be available by mid-2020.

For more information on the company, recent news and blogs, please visit our website:

www.PHOSLOCK.com.au