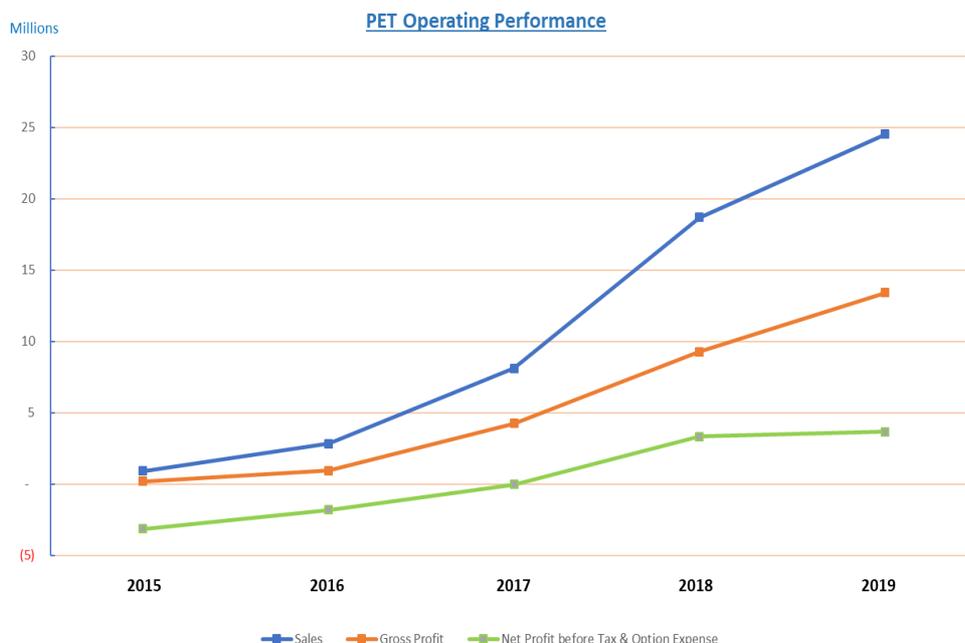


ASX ANNOUNCEMENT

Friday 28th February 2020

FY December 2019 Accounts and 2020 Forecast

- Revenue for the 12 months to 31 December 2019 was \$25.1m, (up 32% year on year)
- Gross Profit Margin was 54.7% (up from 49.7% yoy)
- Net Profit (before Tax and Option Expense) was \$3.7m (up 10% yoy)
- Net Profit after Tax was \$3.0m (2018; loss of \$1.0m)
- FY2020 Revenue forecast is in the range of \$50m - \$70m (up 100% yoy)
- PET is debt free: \$15m cash plus \$17m debtors plus inventories of \$2.3m; Net Assets of \$30.2m (\$23.9m: 2018)



To enable shareholders to better compare historical financial performance, the Company has restated the financial accounts for 2015 to 2018 to annualised accounts.

Due to circumstances beyond KPMG's control, they have not been able to complete the audit of PET's China businesses. PET will lodge the final audited accounts as soon as sign-off from KPMG is received. PET is not expecting any changes to the attached accounts.

Current China Status

PET re-opened the Changxing factory on 15 February. Production recommenced on 17 February. Production is currently building to normal levels. Last week, the Company transported four containers of Phoslock® to the Shanghai export port; these containers have been loaded and are bound for Brazil.

This week, the factory received raw material deliveries of both bentonite and lanthanum chloride from its usual suppliers.

PET's Beijing sales office re-opened on 10 February. Work has recommenced on several of the multi-year projects already underway. A large portion of the Company's business in China is in Yunnan province (south-west China), an area with very few cases of coronavirus reported. Applications to Yunnan projects are scheduled to recommence in March, as originally planned.

PET recently announced the signing on a long-term lease for second manufacturing facility in Changxing, China, three times larger than the current facility. The fit out of this facility has commenced and is expected to have a production line of 20,000 tpa completed in Q3 2020. By doubling factory capacity, PET will have significant additional tonnes of Phoslock® available for sale to meet additional anticipated demand from existing and new projects not included in the existing Sales Forecast range.

FY2020 Revenue Forecast

PET is currently forecasting FY2020 Revenue in the range \$50m - \$70m, up some 100% on FY2019.

The current project pipeline currently totals \$380m, comprising \$250m in China and \$130m of international projects. The forecast period is to the end of 2023 and includes over 40 international projects, seven multi-year Chinese projects and the scheduled projects in China for FY2020.

Chairman Laurence Freedman AM commented: *"This year has been one of opportunity and consolidation for the Phoslock Group. Our growing business in China, despite recent headwinds, has seen PET conduct work in two new provinces and on four high profile lakes; each time delivering outstanding results on polluted water bodies.*

Significantly, we report a Net Profit after Tax of \$3 million, along with a debt free balance sheet and \$30m of liquid assets.

Internationally we continue to grow our business in the Americas, especially Brazil and now Florida.

2020 is shaping up as an even bigger year for PET, with expanding sales internationally and sales forecast to double".

Mr Laurence Freedman AM
Chairman

Mr Robert Schuitema
Managing Director

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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 a number of 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.

For more information on the company, recent news and blogs, please visit our website:
www.PHOSLOCK.com.au