

Monday 29th May, 2017

Ms Kimberley Brown
Principal Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

Dear Kimberley,

**Allotment of 15 million new Phoslock Water Solutions Ltd (ASX:PHK) Ordinary Shares
Notice under Section 708A (5)(e)**

Notice is hereby given pursuant to Section 708A (5)(e) of the Corporations Act 2001 (Cwlth) ("Act"), that Phoslock Water Solutions Limited ("Company") issued 15,000,000 fully paid ordinary shares in the capital of the Company at an issue price of 7 cents per share (New Shares) to China Environmental Corporation (Australia) Pty Ltd (CEC) and related parties.

The issue of the New Shares is the second tranche of the placement announced to the ASX on 10 April, 2017. The agreement with CEC is expected to underpin a significant broadening of the Company's Chinese business and diversification of its sales and earnings. This is also in conjunction with the Company's establishment of a wholly-owned subsidiary, Phoslock Beijing, which will undertake end-to-end design, engineering, application and maintenance of water remediation in rivers, canals and lakes across China.

The Company gives notice under paragraph (5) (e) of Section 708A to confirm that:

1. The Company issued the above shares without disclosure to the relevant parties under Part 6D.2 of the Act.
2. As at the date of this notice, the Company has complied with:
 - a. The provisions of Chapter 2M of the Act (as applied to the Company); and
 - b. Section 674 of the Act.
3. At the date of this notice there is no excluded information (as defined in paragraph (7) of Section 708A of the Act) which is required to be disclosed by the Company.

Yours faithfully,



Robert Schuitema
Company Secretary
Phoslock Water Solutions Limited