

ASX ANNOUNCEMENT

Chairman's Address at AGM

Monday 18th November, 2013

The Phoslock business is now in its eighth year of development. The demand for this unique product has never been stronger. Poor water quality including harmful algal blooms are a major issue worldwide and the problem is predicted to intensify in coming years due to the effects of climate change. Legislation introduced in recent years in the U.S. and Europe requires water managers to implement measures to reduce phosphorus levels in waterways under their control and therefore doing nothing is no longer an option.

The lead time between the identification of a problem and the implementation of measures to treat the problem can be long. It frequently involves a number of steps, including the evaluation of treatment options and strategies, dialogue and consensus building between lake authorities, local and central government and the securing of funding for the project. In many instances, well-funded dedicated lake authorities or oversight committees are formed to tackle the issues of both improving water quality in their water bodies and stopping new nutrients from entering the water body.

PWS currently has a pipeline of 43 projects (each greater than \$100,000) totalling more than 20,000 tons, with the sales process well underway in each case. The pipeline includes 5 projects in Australia, 17 in Europe/UK, 17 in North America, 3 in Asia and 1 in central and southern America. The Company is also working on 4 very large projects with application sizes between 1,000 to 20,000 plus ton range

The Company was involved in a record number of tenders this year for projects and had a very high success rate. Tender processes are usually run by a government type agency, very transparent and well run processes where there is usually a full evaluation of technologies and long term benefits to the water body as opposed to a comparison based solely on the pricing of products. Phoslock has over 120 larger water body case study applications to demonstrate a proven track record. Each tender process unearths a new technology which has a small track record and makes a number of claims which appear to have little science to back up their assertions. A well run tender process with full scientific evaluation will ultimately discard unproven technologies, regardless of price.

Phoslock's North American Drinking Water certification is an important status for both drinking water and non-drinking water sectors. The Water Quality Association (WQA) is an accredited certification agency for a number of water treatment products in North America, including North American Drinking Water (NSF/ANSI Standard 60), the

ASX Code: **PHK**
Share Price: **A\$0.06**
52 Week High: **A\$0.065**
52 Week Low: **A\$0.039**
Issued Shares: **239.6m**
Market Cap: **A\$14.4m**

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accreditation which Phoslock received. WQA is accredited by the American National Standards Association (ANSI) and the Standards Council of Canada (SCC). The WQA certification provides assurances and scientific approvals regarding safety and health for consumers.

The certification awarded to Phoslock provides assurances that treating water bodies with Phoslock is safe for human consumption, subject to maximum dose rates. WQA's Gold Seal will now be applied to Phoslock labels to show that the product is a WQA Tested and Certified Product.

The challenge for the Company is to accelerate the level of sales conversion and at the same time expand the project pipeline. Success with completed projects is the ultimate marketing tool and the Company is confident that as sales increase the period of the sales cycle will decrease.

I would like to take this opportunity to thank all shareholders for your loyalty and faith in the Company. I would also like to convey my gratitude to Directors, Executive and Management team for your ongoing support. I look forward to announcing solid commercial progress in the year ahead.

Laurence Freedman AM
Chairman

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About Phoslock Water Solutions Limited (PWS)

PWS 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 250 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 and 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 or 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 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 has 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 organizations.

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.

Mr Robert Schuitema BCA, CA, INFINZ 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 full-time 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 day to day 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 also a Director of ASX listed company KalNorth Gold Mines Limited was previously a Director of Electro-Optical Systems Limited and Inca Copper & Gold Limited.

Honorable Pam Allan

BA (Hons), Dip Ed (Syd) Honours in Government

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.