

ASX ANNOUNCEMENT

Share Purchase Plan (SPP)

Thursday 10th January, 2013

Key Points:

- **Share Purchase Plan offering new shares at 4.6 cents per share**
- **General Meeting to approve conversion of loans into convertible loans**

ASX Code: **PHK**
Share Price: **A\$0.06**
52 Week High: **A\$0.08**
52 Week Low: **A\$0.038**
Issued Shares: **213.5m**
Market Cap: **A\$12.8m**

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Phoslock Water Solutions (ASX: PHK) has approved a Share Purchase Plan (SPP) which will entitle eligible shareholders to purchase up to \$15,000 worth of new PHK shares at 4.6 cents per share which is a 20% discount to the VWAP for the last 5 days that PHK shares were traded, immediately prior to this announcement.

The SPP is open to shareholders who were registered holders of fully paid ordinary shares in the Company on the record date of 7.00pm (Sydney time) 9 January 2013 with a registered address in Australia or New Zealand.

Documents for the SPP will be sent out to eligible shareholders in mid January, 2013. The SPP is expected to open on 15 January, 2013 and is scheduled to close on 7 February, 2013. Please note that these dates are indicative only and the Company may modify any of the dates in this notice at its discretion, subject to the ASX Listing Rules. The Company may cap the total amount of shares issued under the SPP to 43.5 million (\$2 million).

The Company has reached agreement with its major financier to effectively convert the current unsecured \$1.3 million loan due 31 March, 2013 to a \$1.3 million Convertible Loan due 31 December, 2013. The holder will be able to convert all or part of the loan to PHK shares at 4.6 cents per share. As the financier is a related party of the Company, shareholder approval is required. A General Meeting is scheduled to be held on Friday 15 February, 2013 in Sydney to consider this proposal. A formal notice of General Meeting will be sent to shareholders shortly.



For more information please contact:

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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 200 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.