

ASX Announcement

28th July 2021

June 2021 Quarterly Update

Phoslock Environmental Technologies (ASX:PET) today provided a trading update for the quarter ending 30 June 2021. A further, more detailed business update will be provided at the time of release of half year results.

Financials

PET's quarterly cash flow report shows a net cash outflow of \$446,000 in relation to operating activities. This compares to a net outflow in the prior period of \$3.7 million.

Receipts from customers of \$2.7 million included the partly paid receivable relating to the Xingyun Lake Project (reported as a subsequent event in the previous quarterly update), along with payments relating to projects in the USA, Brazil, Europe and other projects in China.

Administration and corporate costs were down on the prior period but continue to include ongoing consulting, audit and legal expenses relating to the mismanagement and fraud issues previously reported.

The Company closed the quarter with cash and cash equivalents of \$26.29 million.

Business Update

COVID related restrictions on travel continued to negatively impact business development activity and prevent access to some project sites, resulting in ongoing delays to a number of projects. Despite those impacts, the company is seeing increased levels of activity in several markets around the world in terms of both contracted remediation projects and preliminary evaluation trials.

In the US, a remediation project in Long Lake (Washington State) was completed during the quarter, along with initial applications in Kitsap Lake (Washington State); Morrison Lake (Michigan); and Ladybird Lake (Texas). Several other leads are being progressed.

Permits were issued for projects in Denmark (expected to be completed this year) and Finland (scheduled for 2022) and a large project in The Netherlands entered its final consultation phase. Ongoing projects in Belgium, Netherlands and Germany progressed during the quarter.

Work also continued on a number of projects in Brazil and in China, including important trial work at Lake Dianchi.

ASX Code: **PET**

Share Price: **A\$0.245**

52 Week High: **A\$0.35**
52 Week Low: **A\$0.19**

Issued Shares: **625.0m**

Market Cap: **A\$153.2m**

Address:

Level 16, 1 Collins St
Melbourne, Vic, 3000

Phone: +61 3 9110 0002
Email: ir@phoslock.com.au

www.phoslock.com.au
www.phoslock.eu
www.phoslock.com.br
www.phoslock.cn

BLOG on Water Issues:
www.phoslock.com.au

Two projects have been contracted in the ANZ region. Lake Hugh Muntz, on Australia's Gold Coast, will be treated with Phoslock in late July and the Chelsea Ponds in the City of Auckland will be treated and completed in the coming months.

A new distributor was appointed in Uruguay, with a pilot project scheduled to commence before the end of the year.

A new commercial lead has also been appointed in Europe and will commence with the company in September.

China Update – Debt Collection Actions

Following the investigation of the Company's activities in China as previously disclosed, the Company has launched legal actions to recover payment of outstanding amounts owing by a former substantial customer and related party, Beijing BHZQ Environmental Engineering Technology Co., Ltd (BHZQ). The outstanding amounts are for goods and services supplied by the Company's Chinese subsidiaries to BHZQ up until 2020. In return, BHZQ has made various counterclaims based on the quality of the goods and services. All of these matters have been listed for arbitration, except one which is to be adjudicated in the courts. A final determination is expected by the end of September.

Relisting on the ASX

The company continues to work through the various issues required for a re-commencement of trading on the ASX. This remains a high priority for the Board and management. The audit of the half year accounts is a key component of those requirements, along with the continued resolution of matters identified in the investigations.

Outlook

As additional resources are secured to support the company's expansion plans, management expects to see increased interest and opportunity for Phoslock treatments in markets around the world. While the COVID pandemic continues to present challenges, the number of new trial applications is a positive indicator of future sales growth.

An investor briefing will be provided with the release of the half year results at the end of August

This announcement has been approved by the Chairman and Managing Director

Mr David Krasnostein
Chairman

Mr Lachlan McKinnon
Managing Director and CEO

For more information please contact:

Mr Lachlan McKinnon – Managing Director and CEO, Phone: +61 (03) 9110 0002
Mr Greg Slade – Investor Relations; Phone: + 61 488 917 882

ABOUT PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED (PET)

Phoslock Environmental Technologies Limited (ASX: PET) specialises in engineering solutions and water treatment products to remediate polluted lakes, rivers, canals and drinking water reservoirs.

Headquartered in Melbourne, PET has offices in Brisbane, Beijing, Bremen (Europe) and Manchester (UK). PET also has registered entities in Canada and the USA and manufacturing operations based in Changxing, China. PET is represented by licensees, distributors, and agents in ten other countries including SePRO Corporation in the United States and HydroScience in Brazil.

Phoslock® is a proprietary and unique water treatment product that permanently binds excess phosphorus in the water column and sediments.

Phoslock® is certified to be used in drinking water in North America, Europe, Brazil, Australia, and China. Along with Phoslock®, PET also supplies zeolites and specialised strains of bacteria that address water pollution issues.

For more information visit www.phoslock.com.au