

19 June, 2018

Stephanie So  
Senior Adviser - ASX Compliance Pty Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Stephanie,

Price Query - PHK

We refer to your letter dated 19 June, 2018 regarding the price increase in the shares of Phoslock Water Solution's ("PHK") and respond to your questions as follows:

1. No.
2. Not applicable
3. The company's most recent announcement, Major Project Upgrade, dated 24 May, 2018 stated that:

"Expectations for FY17/18 are now sales of \$15-17m subject to exchange rate fluctuations and some \$3m Net Profit Before Tax (excluding non-cash option expense from prior year transactions). The Company will enter FY18/19 with \$10-12m of work in hand solely from the Beijing Canal and Wetland projects. With the expectation of substantial additional projects both in China and Internationally to be forthcoming".

The company is aware of significant investor interest in PHK following announcements on the company's business progress.

4. We confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1
5. PHK's response to the ASX Price Query letter dated 19 June, 2018 has been approved by the PHK Board.

Regards,



**Robert Schuitema**  
Managing Director & Company Secretary  
Phoslock Water Solutions Limited

19 June 2018

**Mr Robert Schuitema**

Managing Director  
Phoslock Water Solutions Limited  
Suite 403  
25 Lime Street  
Sydney NSW 2000

By email

Dear Mr Schuitema

**Phoslock Water Solutions Limited ("PHK"): price query**

We note the change in the price of PHK's securities from a close of \$0.32 on 12 June 2018 to a high of \$0.395 today 19 June 2018.

We also note the significant increase in the volume of PHK's securities traded in the past few days.

In light of this, ASX asks PHK to respond separately to each of the following questions and requests for information:

1. Is PHK aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes":
  - a) Is PHK relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in PHK's securities would suggest to ASX that such information may have ceased to be confidential and therefore PHK may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
  - b) Can an announcement be made immediately?

Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
  - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that PHK may have for the recent trading in its securities?
4. Please confirm that PHK is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that PHK's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PHK with delegated authority from the board to respond to ASX on disclosure matters.

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### When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 2.00 pm AEST on 19 June 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in PHK's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PHK's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to PHK's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that PHK's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in PHK's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

*[Sent electronically without signature]*

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**Stephanie So**

Senior Adviser, Listings Compliance (Sydney)