

ASX ANNOUNCEMENT

Monday 1st July 2019

MULTIFOLD INCREASE IN SCOPE OF WORKS FOR XINGYUN PROJECT, SOUTHERN CHINA

Key Points:

- Recent *Phoslock*® trial in Xingyun Lake produced outstanding results;
- *Phoslock*® application now approved to the entire Xingyun Lake catchment area;
- Application area increased from 34sq.km lake to entire 371sq.km. catchment area, comprising Xingyun Lake plus 14 rivers, waterways and reservoirs;
- The Catchment Project will require large tonnages of *Phoslock*® for many years;
- Factory production increasing; further increases under review.

Phoslock Environmental Technologies Limited (ASX: PET) is pleased to advise that the initial application of *Phoslock*® in the Xingyun Lake trial over the past two months has produced outstanding results. These have demonstrated to Government authorities that *Phoslock*® is simple to apply, with no adverse effects on fish, plant life or humans.

The use of *Phoslock*® to the entire Xingyun Lake Watershed area has been approved by the Yuxi County Government (YCG). The Xingyun Lake Watershed is 371 sq km including 34 sq km Xingyun Lake, 14 rivers, inflows from the very large Fuxian Lake and dozens of upstream reservoirs in the watershed basin. The aim of the project is to significantly reduce phosphate in both the Xingyun lake and all inflows coming into the lake from rivers, canals, upstream reservoirs and the water channel that links Xingyun Lake (34 sq km) with Fuxian Lake (212 sq km).

PET Beijing won a tender to exclusively supply *Phoslock*® to the YCG for the Xingyun Watershed Phosphorus Reduction Project. *Phoslock*® is certified by both the Chinese Ministry of Ecology & Environment and the Chinese Ministry of Water Resources as an approved phosphorus reduction product

PET Beijing is now working with the YCG Lake Catchment team and lake modelling consultants to determine the optimal application strategy. The full size of the expanded

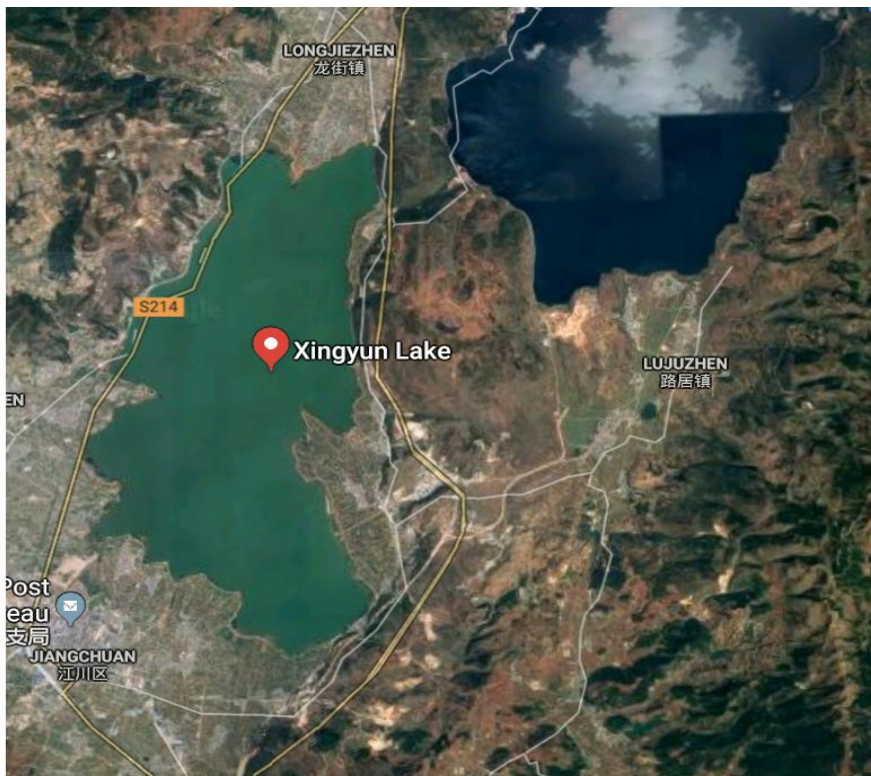
ASX Code:	PET
Share Price:	A\$0.87
52 Week High:	A\$0.89
52 Week Low:	A\$0.32
Issued Shares:	551.3m
Market Cap:	A\$480m
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Xingyun project is expected to require large tonnages of *Phoslock*® to be applied for many years. PET has commenced scaling up all logistic operations in Southern China to meet this new demand.

PET is able to rapidly increase production at its Changxing factory and is also examining further increases to production capacity across a range of locations in China.



Location of Lake Xingyun Lake & Catchment Area, Southern China



Xingyun Lake, 34 sq. km; close in area to Sydney Harbour from the Bridge to the Heads.



Application of *Phoslock*® to Xingyun Lake in May 2019.

Drone video of the application is available on the home page of www.phoslock.com.au

Chairman Laurence Freedman AM stated:

“This is a further huge milestone in the development of the Company; the Xingyun project has, in short order, transformed from treating a large, 34sqkm lake to its 371sq km catchment area.

When the project is in full swing, we will be applying Phoslock® to not only Xingyun Lake, but to 14 rivers and waterways from the very large Fuxian Lake and dozens of upstream reservoirs in the catchment basin. This project alone will take many years and involve very large tonnages of Phoslock®.

We are currently reviewing corporate expansion plans and alternatives to significantly increase Phoslock® production.

My congratulations to every one of our dedicated team of PET specialists who have, together, succeeded to a level only dreamed of until recently and which will now open many more doors for us all over the world.”

Mr. Laurence Freedman AM
Chairman

Mr. Robert Schuitema
Managing Director

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PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED (PET)

Phoslock Environmental Technologies Limited is listed on the Australian Stock Exchange (ASX Code: PET). PET is included in the ASX All Ordinaries Index.

Phoslock Environmental Technologies Limited (ASX: PET) is an international environmental company specialising in engineering solutions and water treatment products to remediate impaired lakes, rivers, canals and drinking water reservoirs.

PET has its headquarters in Sydney, Australia with offices in Brisbane, Beijing, Changxing, and Yuxi China; and Manchester, UK. PET is represented by licensees, distributors and agents in ten other countries including SePRO Corporation in the United States and HydroScience in Brazil. PET has a number of marketing and co-operation agreements in China with various environmental companies and government agencies.

With the massive water remediation market in China, in 2017 PET (Beijing) was formed. Our 100% owned subsidiary undertakes design, engineering, and implementation using remediation materials for rivers, canals, reservoirs and lakes along with construction of wetland areas. This is a significant broadening of the historical PET business and enables us to undertake a greater array of projects in China and elsewhere, supplying both services and materials.

PET owns the patent for *Phoslock*®, a unique water treatment product which permanently binds excess phosphorus in the water column and sediments. This in turn inhibits the growth of Harmful Algal Blooms (HAB) that lead to detrimental effects for both aquatic and human life.

Along with *Phoslock*®, PET also supplies:

- 1) Zeolites - a porous, natural material that can be applied to heavily polluted water to absorb nutrients such as nitrogen. As with phosphorus, nitrogen is another important food source for the growth of harmful algae; and
- 2) Bacteria. - Certain types of bacteria can break down contaminants and organic matter which pollute water and cause water borne diseases.

PET has a large multi-purpose factory in Changxing, Zhejiang province, China, 150km inland from Shanghai, which manufactures its patented technology, *Phoslock*®, along with nutrient binding materials (zeolites) and biological solutions (such as nutrient consuming bacteria).

The Changxing Factory has recently obtained three important certifications, from TUV Rhineland, a major European testing agency:

- ISO 900: Quality Control and Documentation of all procedures meets International Standards;
- ISO 14000: Environmental Management Standards Certification;
- OSHA 18000: Health and Safety Management Systems

For more information on the company, recent news, videos and blogs please visit our website: www.PHOSLOCK.com.au