



Institutional Road Show

August 2019

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The Problem

Water Quality is a major GLOBAL PROBLEM

Causes – excess Phosphorus entering canals, rivers, lakes

Where does the Phosphorus come from :

- Run-off water from agriculture (fertilisers used to enhance production)
- Run-off water from livestock farms and processing
- Run off water from urban households
- Treated and untreated sewage discharges into water bodies
- Illegal water discharges from industry
- Natural phosphorus inflows including bird and wildlife

Result of excess Phosphorus entering in water bodies:

- Harmful Algal Blooms
- Green Water
- Human Health problems



The Solution - PHOSLOCK®



PHOSLOCK® - The Product



Environmental Friendly product that locks up Phosphorus safely and permanently

- Invented by CSIRO (Australian Govt Science Organisation) in 1990's;
- Modified Bentonite Lanthanum product;
- **Environmental Friendly**; safe for human and fish & aquatic plants;
- **Internationally Certified** for use in Drinking Water Reservoirs;
- Manufactured in **ISO Compliant** modern factory to strictest Quality Control;
- Supply Chain - audited by our major accreditation agencies
- => **CLEAN, GREEN, ENVIRONMENTAL FRIENDLY PRODUCT**
- **Ethical Investment – PET ticks all the boxes**



The Track Record

Over 300 commercial applications to lakes, rivers & canals > 20 countries since 2005

More than 80 peer reviewed publications

Certified and accredited in most major countries

- US – NSF Standard 60 approval for use in drinking water
- China – approval by Ministry of Environment and Ministry of Water Resources

PET sells a **complete solution** to customers – most of whom are Government Authorities

- Supply PHOSLOCK® - fully certified product manufactured in ISO complaint factory
- - accredited product my local environmental authorities
- Transport PHOSLOCK® to project site
- Apply PHOSLOCK® to water body using a range of application equipment
- Provide full technical services monitor pre, during and post application

> **Focus is on large Government Funded Projects**

Types of Projects:

- One –off application
- Staged applications over multiple years
- Catchment area applications (inflow rivers, canals)
- Wetlands
- Maintenance contracts – increasing significantly
- Repeat applications – over 60% of projects have had re-applications due to new phosphates entering the water bodies



Total Addressable Market – THE WORLD



Competitive Analysis

Other Phosphate Binding products – open water bodies

Aluminium or Copper based products :

BANNED IN MOST COUNTRIES

- Change pH of water;
- High re-release rate of phosphorus (depending on water conditions)
- Toxicity issues; fish kills by clogging gills
- Destroys benthic (bottom of lake) ecosystem

Dredging

Removal of phosphate rich sediments from lakes and rivers using heavy earthmoving equipment

- Very expensive; difficult to dredge large areas; disposal of dredged material an issue
- Major disruption to the lakes ecosystem

Other Products

Barley Straw; Ultra Sound; Clay Balls; Solar Bees; Red Mud; Oxygenation Systems

=> None of these products permanently lock up Phosphates

Phoslock® permanently locks up Phosphates and does not re-release or change pH
Environmental Friendly; safe for human and fish & aquatic plants

Changxing Factory and R&D Centre



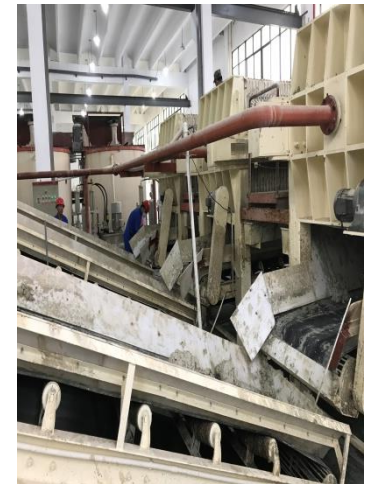
Multi purpose factory – 150km west of Shanghai manufacturing Phoslock ®

Current factory Production increased to 15,000tpa
Work commenced on bringing second large factory in production within 12 months

Manufacturing is Capital Light and Easily Scalable

Video of Changxing Factory:
www.phoslock.com.au/site/what-we-do/production-facility

- New Products:
- Adding new products
 - Number of R&D projects underway
 - International Standards Organisation (ISO) Accreditation



China – enormous market with large Government Funding

Team of 60 PET employees working in China

- Beijing – China HQ; sales; engineering team; project management
- Changxing (150km inland from Shanghai) – factory; R&D; sales
- Kunming – sales; project management

Strategic Agreement with BHZQ has significantly accelerated business

PHOSLOCK® officially recognised by the **Ministry of Water Resources** as an approved product for phosphorus removal.

The **Ministry of Water Resources** administers 2,865 lakes with an area greater than 1 km² and 98,000 reservoirs.

Chinese Government has allocated over US\$1 trillion in latest 5 Year Plan to address water, air and soil pollution.

PET major Projects in China

- Beijing Canals – initial works completed; 17 year maintenance work
- Beijing Wetlands – first project nearing completion
- Nine Yunnan Alpine Lakes – catchment & lake work started on first lake
- Strong pipeline of large projects



Beijing Canals & Rivers

\$10m initial contract; Maintenance revenue over next 18 years - \$20-40m



Beijing Canal – March 2018



Same Beijing Canal – Sept 2018



Other Beijing Canals



Black & Odorous Water

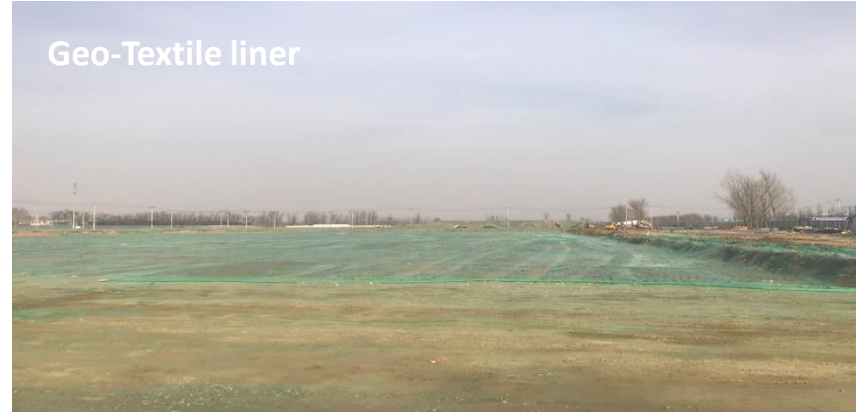
First Wetland Project – Beijing \$25m project ; 120 hectare site



Delivery of Zeolites



Geo-Textile liner



Site Preparation



Wetlands Construction



US Wetland/ Everglades Trial

Huge Potential; Phoslock to absorb Phosphorus before entering Everglades



Drinking Water Projects

Large Drinking Water Projects funded by various International Agencies



Central America



Middle East

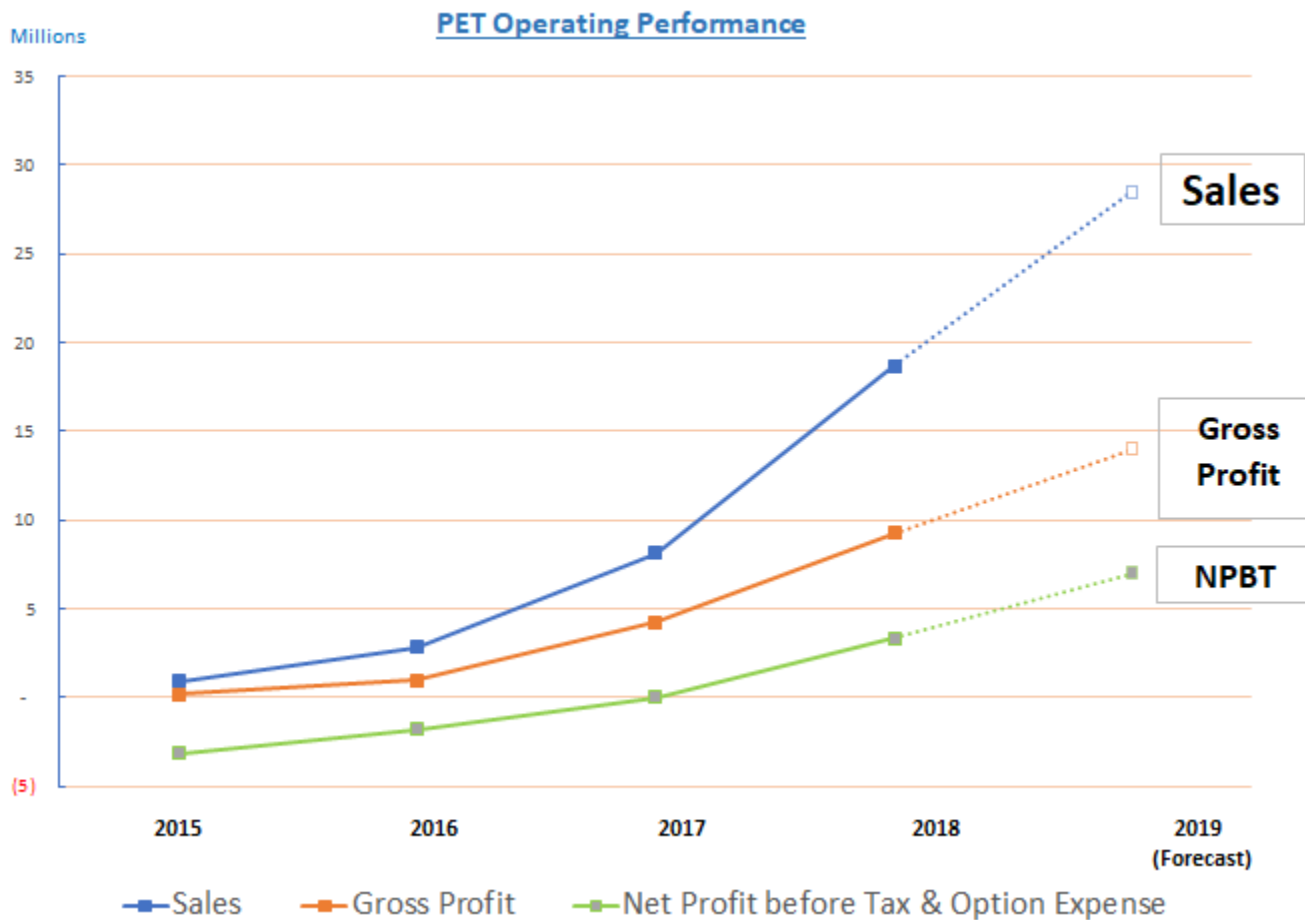


South America

New Products/ R&D Projects



PET Operating Performance



Financial Summary – 31 December Year End

- 2018 Revenue **\$18.7m**
- 2018 NPBT **\$3.5m***

* excludes non cash accounting effect of May 2017 option issue

Net Cash flow from Operations (January-June 2019): **\$10.7m**

Forecasting Strong Net Cash flow from Operations (July-Dec 2019)

- 2019 Forecast Revenue **\$27m-\$30m****
- 2019 NPBT **\$6m-8m****

** Subject to Board Review

Strong Balance Sheet – 30 June 2019

- **A\$18m** in cash;
- Receivables/Work in Progress/Inventory of **\$14m**; Payables of \$5m
- Debt Free; Net Assets \$27m

Repatriations from Chinese Subsidiaries (all 100% owned) to PET Australia

via Service Agreements; Technology Payments; Royalty Payments

Payable six monthly – all payments up to date

Directors & Capital Structure



Capital Structure (6th August, 2019)

Company Name: Phoslock Environmental Technologies Limited

ASX Code: PET

Trading Range: (last 12 months) \$0.32 - \$1.60

Total Issued Shares: 552m Shares

Total Unlisted Employee Options: 10.2m Options

Total Number of Shareholders: 5,350

Directors & Executive Shareholding: 175m Shares (31.7%)

Laurence Freedman AM (Chairman)	Founded EquitiLink; Large private investment portfolio; Largest PET Shareholder (16%)
Zhigang Zhang (Deputy Chairman)	Senior Executive with BEWG/BHZQ; 30 years water industry; PET Shareholding (6%)
Robert Schuitema (Managing Director)	MD since 2007; ex Chase/JPMorgan inv banking; PET Shareholding (2.3%)
Brenda Shanahan (Non Exec Director)	40 years involvement in investment management; NED on number of boards; PET (0.3%)
Ningping Ma (Non Executive Director)	Senior Executive with BEWG/BHZQ; 30 years water industry; PET Shareholding (1.0%)

Results of Cleaning Up Water Bodies



The Serpentine, London after Phoslock application - 2019



ASX Code – PET

PET is included in the ASX All Ordinaries Index

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