

11 September, 2019

Dear Phoslock option holder

Bonus Issue of Shares

Today Phoslock Environmental Technologies Limited (ASX: **PET** or the **Company**) announced to ASX a bonus issue of fully paid ordinary shares in the ratio of 1 new share for every 200 PET shares held, with fractions being rounded upwards. No amount is payable by shareholders for the issue of those bonus shares.

At the same time it announced the bonus issue, the Company also announced that it had decided not to proceed with the proposed capital distribution announced to ASX on 23 August, 2019. However, your directors believe that the bonus issue is an effective way to provide an appropriate benefit to shareholders in lieu of that capital distribution.

The record date for determining entitlements to the proposed bonus issue is 5.00 pm (Sydney time) on Friday, 20 September, 2019.

As a holder of options, you are not entitled to participate in the proposed bonus issue unless you first exercise your options and pay the exercise price of 10.5 cents for every option exercised.

Nevertheless, provided you exercise your options on or prior to their expiry (i.e. 20 December, 2019), the number of PET shares over which the options are exercisable will be increased by the number of shares which you would have received if the options had been exercised before the record date for the bonus issue.

If you have any questions, please contact me.

Yours faithfully



Robert Schuitema
Managing Director
Phoslock Environmental Technologies Limited
