



31 October, 2019

Mr Elvis Onyura
Senior Adviser – Listing Compliance
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

Dear Elvis,

As a result of your recent enquiry, Phoslock Environmental Technologies Limited (ASX: PET) has undertaken an extensive review of its forecast FY2019 Statement of Consolidated Income to determine our forecast Net Profit before Tax before Option Expense.

This has involved taking our actual accounts to 30 September, 2019 and forecasting income and expenses for the period 1 October to 31 December 2019 ("Forecast Period"). We have discussed likely Sales and associated Cost of Goods Sold for the Forecast Period with our business units to determine our most accurate forecast.

As at 30 September 2019 PET had a strong Balance Sheet:

- Cash of A\$14.6m;
- Receivables/Work in Progress of \$10m
- Inventory and Raw Materials of \$5m (sales value - \$11m);
- Trade Payables of less than \$2m
- Debt Free; Net Assets \$29m

As a result of the above, PET is of the view that;

FY2019 forecast Sales will be in the range of \$27-30 million; and

FY2019 forecast Net Profit before Tax before Option Expense will be in the range of \$6-8 million.

PET will continue to closely monitor our forecasts with actual results, and should there be a material change, either upward or downwards, we will notify the ASX.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Schuitema', is written over a light blue horizontal line.

Robert Schuitema
Managing Director & Company Secretary
Phoslock Environmental Technologies Limited