

Company announcement

Release date 15 August 2023

Update on Going Concern Status

In accordance with Listing Rule 3.1, the Company provides the following information:

1. On Thursday, 10 August 2023, a trading halt was granted to allow the Company to consider material disclosures that may be associated with a review of its half year accounts and projected cash flows.
2. A Board Meeting on 10 August 2023 reviewed various cash flow projections and the statement of financial position of the consolidated entity. The Board concluded that without securing additional funding to support the business through the reporting period, it is more likely than not that management will be required to liquidate the assets of the business and discontinue operations.
3. Funding pressure has resulted from a combination of factors previously disclosed by the Company, including the ongoing cost of responding to and managing legacy issues; continued delays in recovering receivables pertaining to past sales in China and a slower than expected build in revenues.
4. The Company continues to monitor all relevant matters very closely, and is having regard to its cash balance, projected cash burn, as well as all of its liabilities, including current liabilities, liabilities that would need to be satisfied in the event of an orderly wind-down of the Company's activities, and potential or contingent liabilities.
5. The Company announced on 28 April 2023 that it had engaged Resolute Advisory Pty Ltd (Resolute), a leading independent corporate advisory firm, to undertake a strategic review of the business. Resolute has examined options including potential partnerships and/or the potential sale of part or all of the Company and/or its assets. The outreach included various strategic parties and financial investors, such as private equity and venture capital. The options that Resolute has identified are at a very early stage, and there is no assurance that any of those options could be transacted within an appropriate timeframe, or that those options would be acceptable to the Company, or its shareholders.
6. Ongoing regulatory and Australian Federal Police investigations into matters relating to the previous mismanagement of the business have adversely impacted these discussions with third parties. There have not been any material developments in relation to these regulatory matters and investigations. It continues to be the case



that the potential exposure to costs, penalties and other liabilities for the Company is significant; that the Company is engaged on a path in response to these matters; and that the likely timeframe for resolution of these matters is not currently capable of being determined, but is likely to be years, rather than months.

7. The Board is considering all viable options identified by Resolute including possible options for securing the necessary capital and funding support to continue operating the business.
8. The Company will work with ASX to have the Suspension lifted when it is in a position to provide the market with further information on the outcome of these deliberations. The Company's securities will remain suspended until such time as ASX is satisfied with its compliance with Listing Rule 12.2.

This announcement has been approved by the Managing Director and Chairman

Mr David Krasnostein AM
Chairman

Mr Lachlan McKinnon
Managing Director & CEO

Matthew Parker
Company Secretary

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Further information:

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About PET

Phoslock Environmental Technologies Limited (ASX: PET) specialises in water treatment products to remediate nutrient polluted fresh waterbodies including, lakes, rivers, canals, municipal and private ponds, recreational and drinking water reservoirs.

Headquartered in Melbourne, PET also has offices in Shanghai and the UK, sales resources in China, ANZ, Europe and the US. PET also has registered entities in Canada, USA and Belgium, and manufacturing operations based in Changxing, China. PET is represented by licensees, distributors and agents in numerous other countries including HydroScience in Brazil.

Phoslock® is a proprietary and unique water treatment product that permanently binds excess phosphorus in the water column and sediments.

Phosflow is a proprietary and unique water remediation product that removes excess phosphorus in flowing water applications.

Phoslock is certified for use in drinking water in North America, Europe, Brazil, Australia, and China. Along with Phoslock, PET also supplies zeolites and specialised solutions that address water pollution issues.

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